No. 638

Office - Supreme Court, U.S.
FILED
JAN 25 1956
HAROLD B. WILLEY, Clerk

IN THE

Supreme Court of the United States

AVCO MANUFACTURING CORPORATION and
THE HARRY ALTER COMPANY, INC.,

Petitioners,

—v.—

HAZELTINE RESEARCH, INC.,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT AND APPENDIX

FLOYD H. CREWS
405 Lexington Avenue
New York 17, N. Y.
Attorney for Petitioners

ALDEN D. REDFIELD
CHARLES M. HOGAN
1329 Arlington Street
Cincinnati 25, Ohio

DARBY & DARBY
MORRIS RELSON
405 Lexington Avenue
New York 17, N. Y.

Counsel for Petitioners

LAWYERS PRESS, INC., 214 William St., N. Y. C. 38; Phone: BEekman 3-2300

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IN THE

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AVCO MANUFACTURING CORPORATION and
THE HARRY ALTER COMPANY, INC.,

Petitioners,

—v.—

HAZELTINE RESEARCH, INC.,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

Petitioners (Defendants below), Avco Manufacturing Corporation and The Harry Alter Company, Inc., respectfully pray for a Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit to review a judgment of that Court entered October 31, 1955 (Petition for Rehearing denied December 1, 1955) affirming a judgment of the United States District Court for the Northern District of Illinois, Eastern Division (Judge Knoch) decreeing six claims of Toulon reissue patent No. 22055, for Synchronization System for Television, to be valid, infringed and enforceable.

Opinions Below

Consent decrees of non-infringement of claims 1-4, 8, 11 and 12 of the reissue patent in suit were entered at R. 1456-7.

Judge Knoch's opinion, including Findings of Fact and Conclusions of Law, appears at R. 1458 and is reported at 126 F. Supp. 595, and at 103 U. S. P. Q. 120.

The opinion of the Court below appears at page 1a herein,* and is reported at 227 F. 2d 137, and at 107 U. S. P. Q. 187.

Jurisdiction

The jurisdiction of this Court is invoked under 62 Stat. 928, 28 U. S. C. 1952 Ed. 1254(1); 63 Stat. 104, 28 U. S. C. 1952 Ed. 2101 (c); and under Rule 22(3) of the rules of this Court.

The judgment of the Court below was entered October 31, 1955 (p. 24a).

Petition for Rehearing was filed November 14, 1955 and was denied December 1, 1955 (p. 25a).

There has been no extension of time for filing this petition.

Jurisdiction of the District Court was invoked by Respondent under 62 Stat. 931, 28 U. S. C., 1946 Ed., Supp. II, Vol. 1, 1338.

Jurisdiction of the Court of Appeals was invoked under 62 Stat. 929, 28 U. S. C. (1952 Ed.) 1292(4).

Reasons Relied on for Granting Writ

1. There is a direct conflict between Circuits on an important point of law which has not been, but should be, decided by this Court.

2. There is little likelihood of further litigation on the patent.

3. The questions are of public importance.

4. There is a direct conflict with decisions of this Court.

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* Page numbers followed by "a" designate Appendix hereto.

Questions Presented

The questions presented, stated affirmatively, are:

1. The reissue section of the Patent Act of 1952 (66 Stat. 808, 35 U. S. C. 1952 Ed. 251) should not be construed to permit expanded patent monopolies by abrogating the law established by this Court under the old reissue statute (45 Stat. 732, 35 U. S. C. 1934 Ed. 64; R. S. 4916) that claims in a reissue patent are invalid

> (a) which broadened the original patent by omitting a limitation which was intentionally accepted in all claims of the original patent in order to get those original claims allowed; or
>
> (b) which broadened the original patent by omitting a limitation which had been embodied in all the original claims through an asserted error on the part of the attorney, not affirmatively shown to have arisen by inadvertence, accident, or mistake; or
>
> (c) which broadened the original patent by omitting an element which was contained in all claims of the original patent, where there was no statement in the original patent that the element might be omitted in practicing the invention;

a reissue patent issued in 1942 which is invalid under the old reissue statute for any of these reasons, does not become valid because of the passage of the new reissue statute.

2. The new reissue statute should not be construed to permit an assignee (or patentee) to reissue an original patent for the declared purpose of broadening the original patent claims by omitting a limitation of the original claims, in order to cover the subsequent development of another.

3. A reissue patent issued in 1942, without compliance with the requirements of the then existing law, may not,

through retroactive application of the new reissue statute, be held valid and infringed by structures made and sold only in 1950 and 1951, prior to the new reissue statute, which was effective January 1, 1953, when Section 5 of the new Act (page 28a herein), which repealed a number of sections, including the old reissue statute, provided:

> "Any rights or liabilities now existing under such sections or parts thereof shall not be affected by this repeal."

Statutes

The statutes involved in this case are as follows, and are set out in the appendix hereto:

R. S. 4916 (45 Stat. 732, 35 U. S. C. 1934 Ed. 64)—Reissue statute in effect in 1937 and 1942.

66 Stat. 808, 35 U. S. C. 1952 Ed. 251—New reissue statute.

Patent Act of 1952 (Public Law 593, 82d Congress, 2d Session, Chap. 950, 66 Stat. 792, approved July 19, 1952):

Sec. 4(a) (66 Stat. 815) (Time of Taking Effect), and

Sec. 5 (66 Stat. 815) (Repeal of Prior Statutes).

Statement of the Case

The Pleadings, Patent in Suit, and Accused Structure.

Hazeltine sued for infringement of 6 added claims of Toulon Reissue patent No. 22,055 (R. 1525-1527), issued March 24, 1942 on an application for reissue filed April 24, 1941.

Petitioners counterclaimed for a declaratory judgment of invalidity and non-infringement of all claims 1-13 (R. 45).

The original patent No. 2,227,815 (R. 1530) issued January 7, 1941 on an application filed on July 3, 1937 under the International Convention, and filed in France July 8, 1936 (Patent, R. 1583; translation, R. 1587). Its 4 claims (claims 1-4 of the reissue) were held not infringed (R. 1456).

The complaint was filed in 1951 (R. 4) before the passage of the Patent Act of 1952. The trial was in 1953 (R. 10), after that Act went into effect.

The accused Avco set (Model 11-445MU), the only device held to infringe (Conclusion 9, R. 1470), was made only in 1950 and 1951 (R. 887), before the new Patent Act was passed.

The Decisions Below

The Court below affirmed Judge Knoch in holding added reissue claims 5, 6, 7, 9, 10 and 13 valid and infringed and enforceable.

On the counterclaim consent judgments of non-infringement were entered (R. 1456-7) on all the remaining claims, including all four claims of the original patent (R. 1532-3), which were repeated verbatim as claims 1-4 of the reissue.

The Court of Appeals held (13a) that the 1952 Patent Act "rather than the prior law, governs this case."

The Importance of the Patent

The Courts below held the patent to be of great importance in the television receiver industry. Judge Knoch said in Finding 9 (R. 1461):

> "9. Since 1947 the Toulon invention, as described, has gone into widespread commercial use and at the present time is embodied in substantially all commercial television receivers. With the exception of

> Defendant Avco Mfg. Corp., all major manufacturers of television receivers, accounting for more than ninety per cent of current production, have recognized the patent in suit by operating under license from Plaintiff with respect to such patent, as well as others of Plaintiff's patents. * * *"

All such licenses are under Hazeltine's 600 patents (Stip. 11, R. 1377; R. 49-79).

The Parties

Plaintiff, Hazeltine Research, Inc., is a patent holding and licensing company in the field of radio and television receivers (Stip. 3, R. 907).

Defendant Avco Manufacturing Corporation is a manufacturer of television receivers (Stip. 6, R. 907).

Defendant The Harry Alter Company, Inc. was Avco's Chicago distributor when the complaint was filed (Stip. 14, R. 908).

The Toulon Invention

The patent relates to synchronizing a television receiver with a transmitter. It has to do with the receiver only.

In view of the nature of the questions presented, it is not necessary here to go into the details of the invention. It involved a combination of well known elements. The vital element, included in all four claims of the original patent, is:

> "means for transforming said synchronizing signals to have a wave form substantially the same as the output wave form of said relaxation device," (R. 1532-3)

This means was referred to at the trial for brevity as "sync transforming means" (R. 210-11). Each of these claims

also recites as the necessary antecedent for the sync transforming means:

> "a relaxation device having a saw-tooth output wave form," (R. 1532-3)

Avco Does Not Use a Sync Transforming Means

Avco does not use a sync transforming means (R. 212) and reissue claims 1-4 (the claims identical with the original patent claims) were held not infringed by consent for that reason (R. 468-470; 1456-7). No claim held infringed includes the sync transforming means.

Toulon in the Original Patent Intentionally Accepted Claims All of Which Included a Limitation to Sync Transforming Means

Toulon intentionally included his sync transforming means in every claim of his original patent and intentionally accepted those claims and intentionally canceled all other claims, in order to get the patent allowed by the Patent Office.

He originally presented claims both with this means and without it (R. 1112-13). He argued in the Patent Office (R. 1129-30) that this feature was a distinction between his invention and the prior art, and he added claims containing it (R. 1128) and intentionally canceled claims without it (R. 1120, 1136). Three times the Patent Office imposed the limitation by refusing to allow claims without it (R. 1119, 1124, 1135).

At the close of the prosecution of the original patent Toulon's agent Langley (Stip. 35, R. 1378) and attorney Hodges (R. 1125) intentionally asked for the allowance of the four claims containing this element and intentionally canceled the rejected claims (Def. Exh. 31, R. 1085; Stip.

19, R. 1384). In Exhibit 31 Langley said on Oct. 19, 1939, in giving instructions to Hodges to cancel all other claims (R. 1085):

> "We intend to cancel the rejected claims and to ask for an allowance with the four claims now indicated as allowable."

A formal request (R. 1136) that this be done was filed in the Patent Office on Nov. 6, 1939. This request was prepared by Langley and filed by Hodges (Def. Exh. 32, R. 1086; Stip. 19, R. 1384). The Patent Office acceded and granted the original patent (R. 1137).

The Patent Was Reissued to Claim for Toulon a Combination Later Devised by Another, Which Did Not Use a Sync Transforming Means

In 1938 Toulon submitted his original application to Hazeltine for purchase (R. 1346). It was rejected as not "fundamental in nature" (Def. Exh. 131, R. 1350; Stip. 65, R. 914).

On February 2, 1940 a Hazeltine engineer, Loughren, devised a synchronizing system which did not use a sync transforming means (Adm. 17, 20, R. 1394, 1397, 1398; Stip. 37, 40, R. 911-12, 913; Exh. P-266, R. 940-44).

Hazeltine reopened negotiations for purchase of the original Toulon application (R. 1352) and bought it on September 12, 1940 (Stip. 35, R. 1378). The application then had been allowed with the four claims with which the original patent later issued (R. 1137).

Hazeltine admits that it bought the application for the purpose of reissuing the patent, when issued, to claim the Loughren system for Toulon by securing added claims not limited to the sync transforming means (Adm. 20, R. 1394, 1398; Stips. 36, 37, R. 911-12; Stip. 40, R. 913).

Stipulation 37 reads in part:

> "37. Circumstances Leading Up to the Discovery of Such Alleged Defects.
>
> "• • • The aforesaid Toulon application was then again reviewed and it was determined that the claims standing allowed therein were of such limited scope that they did not cover the synchronizing system independently devised by the Hazeltine engineer as aforesaid and it was concluded that, if and when Hazeltine Corporation should acquire the patent to issue on aforesaid application Serial No. 151,807, it would be advisable to reissue the same to correct the aforesaid defect in the claims thereof."

Request and Admission No. 20 (R. 1394, 1398) read as follows:

> "20. That the claims of U. S. Patent No. 2,227,815 did not cover said Loughren system (Exhibit D-61) in that the claims included an element which the Loughren system did not, to-wit, means for transforming the synchronizing signals to have a wave form substantially the same as the output wave form of the relaxation device.
>
> "20. Plaintiff admits the truth of statement No. 20."

Under the purchase agreement (R. 1356-60) Hazeltine made a down payment to Toulon, paid the Patent Office final fee (R. 1060), got the original patent issued (Stips. 35, 41-43, R. 1378-9; Adm. 79, 81, R. 1369, 1399), and prepared a reissue application with an oath for Toulon's signature. The remainder of the purchase price was to be paid if Toulon signed the reissue oath (R. 1358).

Neither Toulon nor his agent was told at the time of the agreement what defect or insufficiency would be alleged to be present in the original patent when it issued; what inadvertence, accident or mistake would be alleged to have occurred in the prosecution of the original patent; or

what would be claimed in the reissue patent different from the claims in the original (Stips. 41, 43, R. 1379). Nevertheless, his agent agreed that part of the purchase price would be contingent on Toulon's signing a reissue oath (R. 1358). Toulon signed the oath presented to him on February 27, 1941 (R. 1179) and got the rest of his money.

Hazeltine accomplished its purpose. The reissue application was filed by Hazeltine, allowed, and issued with added claims which omitted the sync transforming means in order to cover the Loughren system.

The oath (signed on February 27, 1941—R. 1179) gives the impression that a mistake had been discovered subsequent to the issue of the original patent on January 7, 1941, and within 30 days before the date the oath was signed. It alleges (R. 1179):

> "it was not until within the last thirty days, in connection with a proposed sale of rights under said Letters Patent, that it was called to his attention for the first time that the specification of Letters Patent No. 2,227,815 was defective in the above-mentioned particular;"

It is stipulated that the alleged defects were discovered by Hazeltine engineers prior to September 12, 1940 (R. 911, Stip. 36), four months before the original patent issued, and five and one-half months before the reissue oath was signed.

Stipulation 36 reads in part:

> "36. Circumstances Surrounding Alleged Defects Relied upon for Reissue.
>
> "The alleged defects in the specification of Patent No. 2,227,815 set forth in the application for reissue thereof were discovered jointly by the engineers of Hazeltine Electronics Corporation, * * * in discussions during the period of negotiation for the purchase of the

> Toulon application, * * * just prior to the acceptance of Hazeltine's offer therefor by the agents of Toulon on or about September 12, 1940."

In the oath the defect was said to be (R. 1177):

> "the failure adequately to claim certain features of *his* invention;" (Emphasis added.)

The Patent Office was not told the reissue application was being filed to cover Loughren's system; or that Toulon's agents expressly intended to obtain the original claims which included the limitation to sync transforming means and to cancel the rejected claims (Def. Exh. 31, R. 1085); or that Hazeltine had determined to reissue before the original patent issued, to the knowledge of Toulon's agent Langley (Stips. 36 and 37, R. 911; Stip. 42, R. 1379).

The Court below, in retroactively applying the new reissue statute, has held that such facts, clearly material to the question of whether or not the supposed defects of the original patent had arisen without fraudulent intention and by inadvertence, accident or mistake, are no longer material (Finding 19, R. 1466; p. 18a).

We show below that it is contrary to established law to reissue a patent to cover subject matter later devised by another and not disclosed in the original patent (pp. 13-17, 22-23 and 25 herein).

The Reissue Patent Broadened the Claims in Issue by Omitting the Sync Transforming Means

None of the claims in issue includes the limitation to sync transforming means. All were broadened by reissue by omitting that limitation.

The Court below held that the inclusion of the sync transforming means in the original claims was an error made by Hodges, Toulon's attorney. It said (p. 14a):

"In accepting the original patent with only the four claims allowed, Toulon's attorney, Albert R. Hodges, erred."

The Court below, in retroactively applying the new reissue statute, failed to adhere to the traditional substantive requirement of the old statute that any error in the acceptance of the original claims must have arisen "by inadvertence, accident, or mistake" (the words of the old statute omitted from the new). As shown above at pages 7-8, that acceptance was actually intentional. There was no finding below that any error arose by inadvertence, accident or mistake. We show below at page 28 that any error was at most an error in judgment.

We also show below that under the reissue statute in effect in 1937 and 1942 a reissue patent cannot enlarge the claims of an original patent by omitting a limitation once intentionally included (pp. 27-28 herein), or correct a mistake in judgment made by the applicant or his attorney (pp. 28-29 herein). We submit that the 1952 Act does not change this law.

The Original Patent Does Not State That the Sync Transforming Means May Be Omitted

The Court below held that Toulon did not "conceive" his invention as being restricted to a sync transforming means (p. 11a). The original patent contains no statement that the sync transforming means might be omitted, and states twice that it is provided "in accordance with the invention" (R. 1531, col. 1, l. 42; col. 2, ll. 20-23).

We show below that it must appear from the face of the original patent that what is covered by the reissue was intended to have been covered and secured by the original (pp. 26-27 herein). We submit that the 1952 Act does not change this law.

Avco Now Has a Contingent License

Since the decision of the Court of Appeals, Avco has taken a license under all Hazeltine patents except the Toulon reissue patent here in issue, with the provision that that patent is to be added to the license if the decision of the Court of Appeals is not reversed by this Court. The effect of this contingent license is to avoid the injunction decreed below, leaving for adjudication the questions of validity of the patent and liability for prior use.

ARGUMENT

Evils Attending Reissue Patents Have Again Assumed Large Proportions

Before arguing the specific reasons for granting this Writ, we wish to point out the evils in the granting of reissue patents which this Court has frequently condemned as "the occasion of immense frauds against the public" (*Leggett* v. *Avery,* 101 U. S. 256, 259 (1880)), which evils have in the past "assumed large proportions" (*Miller* v. *Bridgeport Brass Co.,* 104 U. S. 350, 354-5 (1882)).

Reissue patents are granted and enforced with little attention to the statutory requirements. The requirements since 1832 have been that there must have been error arising by inadvertence, accident or mistake in the prosecution of the original patent, and that this must have occurred without fraudulent or deceptive intention, and that the reissue patent be for the "same invention" intended to be secured by the original patent (the 1952 Patent Act also requires "error without any deceptive intention" but does not use the words "inadvertence, accident or mistake"; and it requires that the reissue patent be "for the invention disclosed in the original" but does not use the words "same invention").

The frequency with which reissue patents are applied for and granted appears to bear no relation to the occurrence of actual mistakes in Patent Office prosecution, but to depend on the judicial climate at any particular time as created by decisions of this Court. The figures on the sharp change in the number of reissue patents granted at various times under different climates, and the figures at the present time, indicate a strong need for this Court's supervision at this time.

In the 1870's and 1880's there were a number of decisions of this Court calling attention to the excessive number of fraudulent reissues covering developments made after the original application was filed.

In *Manufacturing Co.* v. *Ladd,* 102 U. S. 408 (1880) this Court, referring to a reissue covering a later development, said at page 411:

> "**The usual remedy in such cases is resorted to.** A reissue of the patent is sought, with expanded claims, sufficiently general and comprehensive to embrace a wide monopoly of structure, and to shut up competing establishments. In this way, **the patent laws have been made the instruments of great injustice and oppression.** The real object and design of a re-issue of a patent have been abused and subverted." (Emphasis added.)

In *Miller* v. *Bridgeport Brass Co.,* 104 U. S. 350 (1882), this Court said at pages 351-2:

> "These afterthoughts, developed by the subsequent course of improvement, and intended, by an expansion of claims, to sweep into one net all the appliances necessary to monopolize a profitable manufacture, are **obnoxious to grave animadversion.**" (Emphasis added.)

and at pages 354-5:

> "But by a curious misapplication of the law it has come to be principally resorted to for the purpose of enlarging and expanding patent claims. **And the evils which have grown from the practice have assumed large proportions.**" (Emphasis added.)

From 1836 to 1880 there were 9,523 reissue patents issued and 236,137 original patents. The ratio was 4%, or one reissue for every 25 originals.*

The judicial climate created by the cases just discussed effected a radical change, as shown by the following table:

Year	No. of Reissue Patents	No. of Original Patents	Originals per Reissue	Ratio of Reissues to Original
1880	505	12925	25.6	3.9%
1881	470	15547	33	3.02%
1882	270	18137	67	1.49%
1883	166	21195	127	0.79%
1884	116	19146	165	0.61%
1885	128	23330	182	0.55%
1886	115	21796	189	0.53%
1887	99	20428	207	0.48%
1888	85	19584	230	0.43%
1889	74	23359	318	0.32%
1890	83	25321	305	0.33%

The last ratio, of .33%, might be considered the normal ratio, as there was nothing in the judicial climate to discourage honest reissues. It might also be considered normal because it was maintained for the following decade.

In the decade from 1890 to 1899 there were 744 reissues and 221,501 originals, or one reissue for every 298 originals, a ratio of 0.335%.

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* All figures are taken from the Annual Index of Patents and the Official Gazette, both published by the United States Patent Office.

But the effects of the 1870-90 decisions wore off, and the climate changed. In 1940 there were 372 reissues and 43,090 originals, a ratio of .9%, nearly three times the normal ratio. There was one reissue patent for every 116 originals.

In 1940, in *Sontag Chain Stores* v. *National Nut Co.*, 310 U. S. 281, this Court twice in its opinion (pp. 289 and 293) quoted with approval the quotation above from *Miller* v. *Bridgeport Brass Co.*, 104 U. S. at 355, that

> "the evils which have grown from the practice have assumed large proportions."

The reissue rate then started down, being given added impetus by *U. S. Industrial Chemicals, Inc.* v. *Carbide & Carbon Chemicals Corp.*, 315 U. S. 668 (1942), reaching .56% in 1943, one reissue for every 180 originals (173 reissues, 31,074 originals).

In 1944 this Court held in *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co.*, 322 U. S. 238, 250 (1944) that fraud on the Patent Office in obtaining a patent is a good defense against enforceability of the patent (p. 24 herein).

In 1945 this Court in *Precision Instrument Manufacturing Co.* v. *Automotive Maintenance Machinery Co.*, 324 U. S. 806 (1945), said at page 818:

> "Those who have applications pending with the Patent Office or who are parties to Patent Office proceedings have an uncompromising duty to report to it **all facts concerning possible fraud or inequitableness underlying the applications in issue.** Cf. Crites, Inc. v. Prudential Ins. Co., 322 U. S. 408, 415, 88 L. Ed. 1356, 1361, 64 S. Ct. 1075. This duty is not excused by reasonable doubts as to the sufficiency of the proof of the inequitable conduct nor by resort to independent legal advice. Public interest demands that all facts relevant to such matters be submitted formally or informally to

> the Patent Office, which can then pass upon the sufficiency of the evidence. Only in this way can that agency act to **safeguard the public in the first instance against fraudulent patent monopolies.** Only in that way can the **Patent Office and the public escape from being classed among the 'mute and helpless victims of deception and fraud.'** (Hazel-Atlas Glass Co. v. Hartford-Empire Co., supra, 322 U. S. 246, 88 L. Ed. 1255, 64 S. Ct. 997.)" (Emphasis added.)

The reissue rate continued going down, in the climate of these cases.

In 1950 there were 129 reissues and 43,072 originals, back to the normal ratio of .3%, or one reissue for every 334 originals.

But things have changed again. The effects of those decisions have begun to wear off.

In the calendar year 1955 there were 187 reissues and 30,479 originals, a ratio of .61%, twice normal. There was one reissue for every 163 originals.

Hazeltine's proportion of reissues is 3.8%, twelve times normal. It has 19 reissue patents and 501 originals (R. 64-76). This is one reissue for every 26 originals. This is the proportion referred to by this Court as "obnoxious to grave animadversion" (p. 14 above).

It is hard to believe that actual mistakes occurred more than twice as often in 1955 as in 1950 or in the 1890's. It is also hard to believe that actual mistakes occur 12 times as often in Hazeltine's patent prosecution. The better conclusion is that this Court should again look at reissues, and particularly should scrutinize this reissue.

POINT 1

There is a direct conflict between Circuits on an important point of law which has not been, but should be, decided by this Court.

The Court below held at page 13a that the 1952 Patent Act, "rather than the prior law, governs this case," despite the fact that plaintiff's rights were acquired under the old law and all the alleged infringing acts occurred prior to the enactment of the new Act (R. 887, p. 5 above).

This is in direct conflict with the following cases in the Fifth and Sixth Circuits:

> *Texas-Miller Hat Corp.* v. *Switzer Bros., Inc.*, 201 F. 2d 824, 825 (C. A. 5, 1953);
> *General Motors Corp.* v. *Estate Stove Co.*, 203 F. 2d 912, 917 (C. A. 6, 1953).

In the *Texas-Miller* case the Court, in reversing a holding of validity, and refusing retroactive application of the new Act, said at page 825:

> "The newly enacted Patent Codification Act did not go into effect until Jan. 1, 1953, and has no application to the present case. See last sentence of the new act, Sec. 5, which preserved existing rights under repealed sections."

In the *General Motors* case the Court at page 917 quoted with approval the above quotation from the *Texas-Miller* case.

The following cases were cited by the Court below in support of its holding that the 1952 Patent Act has retroactive application (13a):

> *Lyon* v. *Bausch & Lomb Optical Co.*, 224 F. 2d 530, 536 (C. A. 2, 1955);

Pacific Contact Laboratories v. *Solex Laboratories*, 209 F. 2d 529, 533 (C. A. 9, 1953).

In those cases Section 5 was not mentioned, as it also was not by the Court below in the present case. In every case in which Section 5 has been mentioned retroactive application has been denied.

The question whether there may be retroactive liability under the new Act for acts done prior to its enactment has arisen and been decided at least six times prior to the present case since January 1, 1953. In addition to the four cases above, there have also been the following cases considering the point and in conflict with the Court below:

Hartley Pen Co. v. *Lindy Pen Co.*, 16 F. R. D. 141, 145 (S. D. Cal., 1954);
Diebold, Inc. v. *Record Files, Inc.*, 114 F. Supp. 375, 376 (N. D. Ohio, 1953).

There will undoubtedly be many more. The conflict noted above indicates the confusion which now exists and will continue to exist until settled by this Court.

The Court below also held the Toulon reissue patent valid on grounds in direct conflict with the old law as declared by this Court (Point 4 below), thereby holding in effect (without expressly so stating) that the new reissue statute differs from the old and abrogates former substantive requirements for reissue patents. In this the decision below is also in conflict with *Riley* v. *Broadway-Hale Stores, Inc.*, 217 F. 2d 530 (C. A. 9, 1954). In that case the Court said at page 531, in affirming the comprehensive lower Court opinion declaring a reissue patent invalid (114 F. Supp. 884, 887-9, D. C., S. D. Cal., 1953):

"the test as to what type of error is required to warrant a reissue remains the same as before."

As shown below under Point 4, the Court below held the reissue patent valid under the new reissue statute despite the fact that it is invalid under the old statute for any one of four reasons, under doctrines long and firmly established by this Court under the old statute.

Either the decision below is in direct conflict with those of the Fifth and Sixth Circuits in retroactively applying the new reissue statute or it is in direct conflict with the decision of the Ninth Circuit in failing to adhere to the substantive requirements of the old reissue statute as declared by this Court (Point 4 below).

POINT 2

There is little likelihood of further litigation on the patent.

Hazeltine has substantially the entire radio and television industry licensed under its entire group of some 600 patents (Stip. 11, R. 1377). Its licensees include every large company, such as RCA (R. 253, 254), General Electric, Westinghouse, Emerson (R. 262), Du Mont (R. 263), Zenith, Philco, Admiral (R. 1252), Motorola (R. 542), etc.

The patent in suit is the only unexpired patent owned by Hazeltine which has ever been held valid and infringed in a contested case (the present case—it has never before been adjudicated) (Adm. 44, R. 1395, 1398). The patent will expire on Jan. 7, 1958. If the entire industry, except Avco, was willing to pay royalties without contest before the present decision, there is little chance of a contest now, in view of the tremendously broad scope attributed to the patent in the Courts below. And of course no one can challenge the patent until his present 5-year (R. 60) license expires, which may be too late.

This Court has frequently granted certiorari because of the unlikelihood of further litigation, despite absence of conflict as to validity.

Schriber-Schroth Co. v. *Cleveland Trust Co.*, 305 U. S. 47 (1938), at page 50;
Muncie Gear Works v. *Outboard, Marine & Mfg. Co.*, 315 U. S. 759 (1942), at pages 765-6;
Exhibit Supply Co. v. *Ace Patents Corp.*, 315 U. S. 126 (1942), at page 128.

POINT 3

The questions presented are of public importance.

It Is of Public Importance That an Entire Industry Should Not Pay Patent Royalties Unless Justified

The royalties paid to Hazeltine by the entire radio and television industry are paid in turn by the public. These royalties are paid without consideration of whether a license is needed. Hazeltine's Director of Research, Loughren, euphemistically called this a desire for "freedom of design." He defined this as not "stopping to worry about whether or not a license may be needed." His testimony was (R. 829):

> "Q. Can you tell me in general, from your contacts with the licensees, what your impression is of what they really want in the way of licenses? A. There is no single answer that fits all cases, but the indication that develops in one's mind after talking with a good many of them is that for many of them the freedom of design, the freedom to use this or that or something else, without stopping to worry about whether or not a license may be needed, is a very substantial consideration in their minds."

This apparently blind subservience may be explained by the facts that Hazeltine has 600 patents, so it can sue as often as necessary, and royalties may be limited by the licensees to a lump sum of $50,000. a year (R. 55, Sec. 6), a sum comparable to the cost of litigation.

It is clearly of public importance that royalties not be paid under the patent in suit unless they are justified. There is no way to determine whether they are justified except by litigation.

As long ago as 1892 this Court said in *Pope Mfg. Co.* v. *Gormully*, 144 U. S. 224, at page 234:

> "It is as important to the public that competition should not be repressed by worthless patents, as that the patentee of a really valuable invention should be protected in his monopoly;"

And in the case of *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co.*, 322 U. S. 238 (1944) this Court said at page 246:

> "This matter does not concern only private parties. There are issues of great moment to the public in a patent suit. Mercoid Corp. v. Mid-Continent Investing Co., decided January 3, 1944 (320 U. S. 661, 88 L. Ed. 376, 64 S. Ct. 268); Morton Salt Co. v. G. S. Suppiger Co., 314 U. S. 488, 86 L. Ed. 363, 62 S. Ct. 402."

The Reissue of Patents to Cover Subsequent Developments Is a Matter of Paramount Public Importance (pages 8 to 11 above)

This Court has referred to the reissue of a patent to cover developments made after it was filed, as the occasion of "immense frauds against the public" and as the "greatest fraud."

In *Leggett* v. *Avery*, 101 U. S. 256 (1880) this Court said at page 259:

"The allowance of claims once formally abandoned by the applicant, in order to get his letters-patent through, is the occasion of immense frauds against the public."

In *Manufacturing Co.* v. *Ladd,* 102 U. S. 408 (1880) the Court said at page 411:

"A re-issue can only be granted for the same invention which was originally patented. If it were otherwise, a door would be opened to the admission of the greatest frauds."

In the case of *Precision Instrument Manufacturing Co.* v. *Automotive Maintenance Machinery Co.,* 324 U. S. 806 (1945) this Court said at page 815:

"A patent by its very nature is affected with a public interest. As recognized by the Constitution, it is a special privilege designed to serve the public purpose of promoting the 'Progress of Science and Useful Arts.' At the same time, a patent is an exception to the general rule against monopolies and to the right to access to a free and open market. The far-reaching social and economic consequences of a patent, therefore, **give the public a paramount interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct** and that such monopolies are kept within their legitimate scope." (Emphasis added.)

It Is of Public Importance That the Statutory Requirements for Reissue Patents Be Observed to Keep Them Within Their Proper Scope (pages 13-17 above)

We have pointed out above at pages 13 to 17 the "immense frauds" against the public occasioned by improper reissue patents in the past and the present tendency in that direction at this time.

The public importance involved in the strict observance of the statutory requirements for reissue patents is obvious from that discussion.

It is also obvious that the Court below in expressly holding that the new reissue statute "rather than the prior law, governs this case" (13a) and in condoning under that statute this reissue patent which has all the evils so strongly condemned by this Court under the old statute, may well open the flood gates to further evils unless promptly checked.

The Court Below Disregarded the Public Interest and Opened the Flood Gates

The Court below held at page 18a that one sued for infringement may not set up as a defense that the patent was fraudulently obtained. In support of this decision it cited four cases of this Court, the latest of which was decided in 1888. In its opinion the Court said at page 18a:

> "Moreover, it has been held that a person 'sued for infringement will not be permitted to set up as a defense that the patent was fraudulently obtained, no fraud appearing on its face.' *Alliance Securities Co.* v. *J. A. Mohr & Son,* 14 F. 2d 793, 798. The leading case is *Mowry* v. *Whitney,* 81 U. S. 434, 14 Wall., 434. To the same effect are *Rubber Co.* v. *Goodyear,* 76 U. S. 788, 789, 9 Wall., 788, 789; *Railroad Co.* v. *Dubois,* 79 U. S. 47, 64; *United States* v. *Bell Telephone Co.,* 128 U. S. 315, 373; *Buckingham Products Co.* v. *McAlser Mfg. Co.,* 108 F. 2d 192, at 195, and *Carson Investment Co.* v. *Anaconda Copper Mining Co.,* 26 F. 2d 651, 660."

This is in direct conflict in principle with the decision of this Court in *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co.,* 322 U. S. 238 (1944). In that case this Court said at page 250:

> "Had the District Court learned of the fraud on the Patent Office at the original infringement trial, it would have been warranted in dismissing Hartford's case."

In the following cases the Courts have held or recognized that under the *Hazel-Atlas* decision fraud is a competent defense in a patent infringement suit, rendering the patent unenforceable for unclean hands:

Wooldridge Manufacturing Co. v. *R. G. Le Tourneau, Inc., et al.*, 79 F. Supp. 908 (N. D. Cal., 1948);

Randolph Laboratories, Inc. v. *Specialties Development Corp.*, 199 F. (2d) 680, 682 (C. A. 3, 1952); cert. den. 345 U. S. 910;

Mas v. *Coca Cola Co.*, 163 F. (2d) 505, 507 (C. A. 4, 1947);

Mas et al. v. *Coca Cola Co.*, 198 F. (2d) 380 (C. A. 4, 1952);

Monolith Portland Mid. Co. v. *Reconstruction F. Corp.*, 128 F. Supp. 824, 855 (S. D. Cal., 1955).

POINT 4

There is a direct conflict with decisions of this Court.

If the new reissue statute made no substantive change in the law, the decision below is in conflict with the following cases in this Court.

A Reissue Patent Is Invalid Which Was Filed to Cover the Later Development of Another—Conflict in Principle With Leggett v. Avery, 101 U. S. 256 (1880) and Manufacturing Co. v. Ladd, 102 U. S. 408 (1880) (pages 8-11 above)

This conflict is shown on pages 22-23 above under the heading "The Reissue of Patents to Cover Subsequent Developments Is a Matter of Paramount Public Importance" and at pages 8-11 above under the heading "The Patent Was Reissued to Claim for Toulon a Combination Later Devised by Another, Which Did Not Use a Sync Transforming Means."

A Reissue Patent Is Invalid Which Omits One Element Prescribed in the Original— Conflict With U. S. Industrial Chemicals, Inc. v. Carbide and Carbon Chemicals Corp., 315 U. S. 668 (1942) (pages 11-12 above)

The Court below held the claims in issue valid under the 1952 Act although they omitted the sync transforming means, which element was included in every claim of the original patent, and although there is no statement in the original patent that it may be omitted, and two statements that it is provided "in accordance with the invention" (p. 12 above).

The Court held (11a) that Toulon did not "conceive" his invention as being restricted to include his sync transforming means. It ignored the absence of any statement in the original patent that this means might be omitted.

The Court below also held (12a) that Toulon's original patent disclosed each of the elements of the reissue claims, and jumped to the illogical conclusion that this satisfied the new statute. It again ignored the fact that Toulon did not state that the sync transforming means might be omitted in practicing his invention and did not disclose any combination without that means. The Court relied upon expert testimony rather than upon the original patent itself.

This is in direct conflict with *U. S. Industrial Chemicals, Inc.* v. *Carbide and Carbon Chemicals Corp.*, 315 U. S. 668 (1942). That case is a deadly parallel to the present case. In that case this Court said at page 676:

> "If there be **failure of disclosure** in the original patent of matter claimed in the reissue, it will not aid the patentee that the new matter covered by the reissue was **within his knowledge** when he applied for his original patent. And **it is not enough** that an invention **might have been claimed** in the original patent because

> it was suggested or indicated in the specification. **It must appear from the face of the instrument** that what is covered by the reissue **was intended to have been covered** and secured by the original." (Emphasis added.)

and at page 678:

> "This Court has uniformly held that the omission from a reissue patent of one of the steps or elements prescribed in the original, thus broadening the claims to cover a new and different combination, renders the reissue void, even though the result attained is the same as that brought about by following the process claimed in the original patent."

The Court then reviewed two of its own earlier decisions and added on page 679:

> "Many other cases might be cited to the same effect."

Reissue Claims Are Invalid Which Omit a Limitation Intentionally Accepted in the Original Patent Claims—Conflict With Dobson v. Lees, 137 U. S. 258 (1890) (pages 7-8, 11 above)

The Court below held the claims in issue valid under the 1952 Act although they omitted the sync transforming means—despite the facts that every claim of the original patent was limited to a sync transforming means, and that this limitation was imposed by the Patent Office and intentionally accepted, and relied on to overcome rejection by the Patent Office, and expressly argued to be a feature of novelty which distinguished from the prior art cited by the Patent Office as the basis for rejection (pp. 7-8 above).

This is in direct conflict with the leading and authoritative case of *Dobson* v. *Lees,* 137 U. S. 258 (1890). In that case this Court said at page 265:

> "A reissue is an amendment, and cannot be allowed unless the imperfections in the original patent arose without fraud, and from inadvertence, accident, or mistake. Rev. Stat. §4916. Hence, **the reissue cannot be permitted to enlarge the claims of the original patent by including matter once intentionally omitted.** Acquiescence in the rejection of a claim; its withdrawal by amendment, either to save the application or to escape an interference; **the acceptance of a patent containing limitations imposed by the Patent Office, which narrow the scope of the invention as at first described and claimed**—are instances of such omission." (Citing cases.) (Emphasis added.)

A Reissue Patent Is Invalid Which Merely Corrects an Error of Judgment Made in Prosecuting the Original—Conflict With Dobson v. Lees, 137 U. S. 258 (1890) (pages 11-12 above)

The Court below held (14a) that omitting the limitation to sync transforming means from the reissue claims after that limitation had, through an asserted error on the part of Toulon's attorney, been included in every claim of the original patent and argued to be a limitation that made the claims patentable, did not invalidate the reissue claims under the 1952 Act (pp. 7-8, 11-12 above). Since there was no finding by either Court below that any error arose by inadvertence, accident or mistake, and the original patent claims were intentionally accepted, the error could have been only one of judgment.

This is in direct conflict with *Dobson* v. *Lees*, 137 U. S. 258 (1890), which held that an error of judgment may not be corrected by reissue, whether made by the attorney or by the applicant himself. In that case this Court said at 137 U. S. 265:

> "There is no room for the contention that there was any inadvertence, accident or mistake in the premises. Nor, in the light of these protracted proceedings in the Pat-

ent Office, can the applicant be permitted to treat the deliberate acts of his attorney as the result of inadvertence, accident or mistake."

In *General Radio Co.* v. *Allen B. Du Mont Laboratories, Inc.*, 129 F. 2d 608 (C. C. A. 3, 1942; cert. den. 317 U. S. 654), the Court said at page 611:

"But an error of judgment, even though made by the solicitor and not by the patentee himself, is binding upon the patentee and may not be rectified by a reissue patent." (Citing *Dobson* v. *Lees,* 137 U. S. 258.)

CONCLUSION

It is accordingly prayed that this Petition be granted.

Respectfully submitted,

FLOYD H. CREWS,
Attorney for Petitioners.

ALDEN D. REDFIELD,
CHARLES M. HOGAN,
DARBY & DARBY,
MORRIS RELSON,
Counsel for Petitioners.

New York, N. Y.,
January 25, 1956.

APPENDIX

Opinion of Court of Appeals

IN THE

UNITED STATES COURT OF APPEALS

FOR THE SEVENTH CIRCUIT

No. 11327

OCTOBER TERM, 1955, OCTOBER SESSION, 1955

HAZELTINE RESEARCH, INC.,

Plaintiff-Appellee,

v.

AVCO MANUFACTURING CORPORATION and
THE HARRY ALTER CO., INC.,

Defendants-Appellants.

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION.

October 31, 1955.

Before FINNEGAN, LINDLEY and SCHNACKENBERG, *Circuit Judges.*

SCHNACKENBERG, *Circuit Judge.* Plaintiff brought an action for patent infringement in the district court against Avco Manufacturing Corporation[1] and its Chicago area distributor, The Harry Alter Co., Inc. The patent in suit was directed to a synchronization system for television,

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[1] For convenience, referred to herein as "Avco."

and is known as Toulon reissue patent, No. 22,055. Avco counterclaimed asking a declaratory judgment of invalidity, noninfringement and unenforceability of said patent, and for damages.

The district court entered a consent order of noninfringement as to claims 1 to 4 inclusive, which were included in the original patent and repeated without change in the reissue, and as to claims 8, 11 and 12, added by reissue. The district court made findings of fact and conclusions of law, held reissue claims 5, 6, 7, 9, 10 and 13 to be valid and infringed, entered a judgment which enjoined further infringement, awarded damages and costs to plaintiff and dismissed Avco's counterclaims. From that judgment Avco took this appeal.

The original Toulon patent[2] was issued on an application filed July 3, 1937. This invention comprises a basically new type of synchronizing system for electronic television receivers. It relates to a type of synchronization, generally known as "automatic frequency control." Such control is a corrective method used in conjunction with a controlling source, for maintaining the proper speed or frequency of operation of a controlled device.

In 1938, Toulon submitted his application to plaintiff and others for purchase. They rejected it. Thereafter, on February 5, 1940, one of plaintiff's engineers, Loughren, devised an automatic frequency control system. In July 1940 plaintiff reopened negotiations with Toulon's United States agents, for the purpose of purchasing the Toulon application, which at that time had been allowed[3] with four claims, but the patent had not been issued because of failure to pay the final statutory fee. On September 12, 1940, plaintiff purchased the Toulon applica-

[2] 2,227,815.

[3] On November 21, 1939.

tion from his agent Langley, under an agreement that plaintiff had the right, at its own expense, to further prosecute said application. Langley knew that plaintiff intended to seek a reissue of the patent which was then expected to result from Toulon's application. An assignment of the original patent to plaintiff, an application for a reissue thereof and a reissue oath were sent to Toulon through Polydoroff, his agent. They were signed by Toulon and returned to plaintiff's attorneys. The final fee was paid and accepted by the patent office.

The reissue application was filed April 23, 1941 and the reissue patent (Re. 22,055) which is involved in this action, was issued thereon on March 24, 1942. The reissue patent claims, according to plaintiff, are simply more accurate and more complete definitions of Toulon's invention; they are in some respects broader and in some respects narrower than the original claims. Defendants contend that the reissue claims are not for the same invention as the original patent.

The contested issues, stated affirmatively by defendants, are: The claims in issue are invalid, the reissue patent is unenforceable, the claims in issue are not infringed, and plaintiff has violated the anti-trust laws by block-booking its patent.

1. The first reason advanced by Avco to sustain its contention that the reissue claims in issue are invalid, is that they were granted through "factual technical error." This court's attention is directed to proceedings said to have occurred in the patent office which resulted in the allowance of claims 5 to 12 inclusive, after they had been rejected by an examiner, and the adding of claim 13. The amendment to each of claims 5 to 12 inclusive was made by inserting the phrase:

> "in the absence of a frequency-correcting control voltage applied thereto."

Avco cites certain evidence in the record which it says shows that this amendment made the claims factually incorrect.

We agree with plaintiff that this contention is not properly before us for determination. Avco's answer and counterclaim make no specific reference thereto, nor is there anything in the record to indicate that this issue was presented to the district court. While Avco in its reply brief states that the issue was covered in its proposed findings of fact and conclusions of law, no submitted finding or conclusion specifying that issue has been included in the record before us. Avco in its brief states that the district judge made no specific findings on this issue. We are not surprised at that statement in view of the total failure of the record before us to show that that issue was ever raised in that court. Therefore, we cannot consider it here.

2. A principal question in this case is whether the reissue patent is for the same invention as that covered by the original patent. Avco contends that the reissue patent is invalid because, *inter alia*, it is not for the same invention.

The evidence indicates that what is known as synchronization is a troublesome feature of a satisfactory television system. By synchronization is meant the method to keep the scanning of the image at the transmitter and the scanning of the picture tube at the receiver in step or in gear. This synchronization is effected by sending out a very short electrical synchronizing pulse (sync pulse)[4] at the end of each series of lines, called a field. At the receiver, these synchronizing pulses are separated from the image

[4] "Sync" is abbreviation for synchronizing. "Pulse" means signal.

signals and utilized to control generators of scanning waves which cause the cathode-ray beam to scan the face of the picture tube. If the scanning at the receiver loses synchronization, that is, gets out of gear with the transmitter, the lines of the reproduced image may begin at various points across the tube face and the image becomes distorted.

The background against which Toulon conceived his original patent[5], issued by the United States Patent Office on January 7, 1941, on his application filed on July 3, 1937, is revealed by the evidence in this record. The earliest work on television systems, in the 1920's, was directed to complex mechanical devices which, while operative, were never developed to a commercially practical form. The synchronization of such systems was quite different in character because of the high inertia of the mechanical moving parts, which also made them inherently relatively immune to noise interference. The next stage in the development of the art was that including the all-electronic receiver which reached commercial form in England in 1937 and in the United States in 1940. Such receivers were of the "triggered" type, that is, of the type in which a horizontal sync pulse at the end of each line triggered the receiver scanning oscillator to initiate the succeeding scanning line and in which the vertical synchronizing system was of a similar type. During the period up to 1940, those working in the television field were entirely satisfied with this triggered type of synchronization, particularly because of the extreme accuracy of synchronization under good signal conditions. They did not appreciate the fact that disturbing electrical noise pulses are frequently of the same character as the sync pulses and that, in a triggered synchronizing system, such noise pulses may either themselves trigger the receiver scanning oscillator

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[5] 2,227,815.

to initiate successive lines at improper times or may cancel out certain sync pulses, both resulting in failure of the synchronizing system so that the picture becomes an unintelligible jumble. It was not realized at that time that the effect of such electrical noise interference would produce "tearing" of the picture.

In this state of the art, in 1936, Toulon made the invention of the patent 2,227,815 in France and filed his original French application therefor. The district court, in its finding No. 3, found:

> "3. Toulon, a noted French inventor, made the invention of the patent in suit in France, in 1936. The Toulon invention comprises a basically new type of synchronizing system for electronic television receivers. It involves four essential factors: (1) a recognition of the problem, that is, the inadequacy of the triggered synchronizing system under unfavorable noise conditions; (2) a recognition of the fact that one of the known 'building blocks' of the electronics art, the phase comparator, had the characteristic of substantial immunity to noise pulses of the same character as the short-duration synchronizing pulses; (3) a modification of the known phase comparator building block, enabling it to work with the particular wave forms found in electronic television receivers; and (4) association with this special phase comparator of a number of other building blocks, individually known but specially selected, to construct a new synchronizing system operating on essentially new principles and achieving essentially new results."*

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* The court in finding No. 8 found:

"8. In brief, what Toulon disclosed in his original Patent 2,227,815 as his invention and sought to patent and what is described and claimed in his Patent Re. 22,055, comprises (*sic*) the following essential features:

'(a)—a system for precisely controlling the synchronization of an electronic television receiver from a series of

The original Toulon patent describes his invention as one which "relates to a new process to assure the synchronism of a relaxation oscillatory system by means of electric signals coming from an outside station. It concerns more particularly the synchronization of television receiving stations comprising a relaxation device controlled by the synchronization signals coming from a transmitting station."

The patent proceeds to set forth:

> "*One of the most important applications*[7] of the invention is that of assuring the synchronism between

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received synchronizing pulses of short duration relative to their period,

(b)—for substantially eliminating the deleterious effects of noise pulses similar in nature to the synchronizing pulses and the effects of momentary synchronizing signal interruption, comprising,

(c)—a circuit for supplying the periodic synchronizing signal pulses to the system,

(d)—a relaxation oscillator which in the absence of control has substantially the same average frequency as these synchronizing signal pulses,

(e)—a phase-comparison circuit for deriving a periodic wave dependent in wave form upon the phase difference between the synchronizing-signal pulses and the output wave of the oscillator,

(f)—a rectifier for developing from this derived periodic wave a unidirectional frequency-correcting control voltage,

(g)—specifically in association with a circuit of long time constant relative to the period of the signal pulses,

(h)—a circuit for utilizing this unidirectional control voltage to control the instantaneous frequency, and thus the phase, of the relaxation oscillator,

(i)—and a circuit for developing from the out-put of the relaxation oscillator a saw-tooth wave for scanning.'"

[7] Italics supplied.

a transmitting station and the electronic beam of a Braun tube at the receiving station.

Present-day Braun tube receivers generally comprise two beam deflecting devices, each consisting of a condenser which is charged progressively, and a relay of the extreme vacuum or gas type through which the condenser suddenly discharges when this relay receives the synchronization signals coming from the transmitting station. This system has the drawback that if one of the signals fails or if a parasitic impulse releases the relay out of time, then the image becomes defective."

The patent sets forth that Toulon's invention

"is based on an entirely different process which consists in realizing locally a relaxation device having a frequency very near that of the frequency of the lines or of the images of the transmitting station, and which is completely controlled and compelled to remain in coincidence with that of the transmitting station, by the continuous measurement of the difference in phase between these two frequencies. Contrary to what has been done up to the present time, the signal received is not used to release the local relaxation device, but the latter operates independently of the transmission of the synchronization signals and its frequency is controlled by a device which automatically compensates for the lag between the synchronization signals and the oscillations of the relaxation device."

At the trial in the district court there was testimony of Alan Hazeltine, who qualified as an expert witness in television matters, that the language just quoted is, in his opinion, an outline of the said invention. He further testified that the disclosure of the specification as a whole is adequate to enable one skilled in the art to practice the invention there outlined.

The original patent proceeds to set forth that

> "In accordance with the invention, the very short synchronization impulses are transformed into signals the shape of which resembles that of the oscillations of the local relaxation device, and the difference in phase between the two currents of the same form is measured. The result of this measure is most frequently that of causing a drop in voltage across a resistance which is a function of the lag, and this variation in voltage is utilized in order to correct the frequency of the local relaxation device. The arrival of a parasitic impulse or the absence of the synchronization signal has practically no effect on the quality of the image, because the variation in the drop of voltage resulting therefrom in the resistance is too small to modify in an appreciable manner the cycle of the relaxation device; in other words, the framing of the image suffers practically no modification."

Referring to a drawing attached to the patent, consisting of figures 1, 2 and 3, the patent states:

> "The invention will be better understood by reference to the drawing, which illustrates *by way of example a special manner of execution*[8] of complete control of the frequency of a 'Thyratron' relaxation device which feeds a Braun tube by means of the synchronization pulses of a standard Hertzian wave television transmitting station and in which:
>
> Figs. 1 and 2 represent, as a function of time, the form of the currents in the different parts of the assembly; and
>
> Fig. 3 shows the basic diagram of a synchronizing system in accordance with the invention."

This is followed by a detailed explanation in the course of which the following language[9] appears:

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[8] Italics supplied.

[9] Italics supplied.

"*If* the relaxation device consists of a gas-filled tube such as a 'Thyratron' associated with a fixed condenser and a resistance, the relaxation frequency may be varied within rather wide limits by changing the value of the polarization of the 'Thyratron' grid. As this polarization increases, the frequency of the oscillations decreases. * * *

Fig. 3 shows the details of *a special assembly* utilizing the proposed control system in the particular case in which a 'Thyratron' is used in the relaxation device. * * * The advantage of this device over former systems lies in the fact that the synchronization signals may be absent either on account of fading or on account of parasitic disturbances or else additional disturbing signals may enter, without causing the local relaxation device, however, to cease to operate and consequently without causing the sweeping or scanning of the lines or images of the Braun tube 22 to cease to exist."

Four claims of the inventor are embodied in the original patent.[10]

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[10] "1. In a television system, a receiver including a relaxation device having a saw-tooth output waveform, a source of synchronizing signals external to said receiver, means for transforming said synchronizing signals to have a waveform substantially the same as the output waveform of said relaxation device, and means for varying the frequency of said relaxation device in accordance with the phase difference between the output of said relaxation device and said transformed synchronizing signals.

2. In a television system, a relaxation device having a saw-tooth output waveform and including a gas-filled tube having a grid, a source of synchronizing signals, means for transforming said synchronizing signals to have a waveform substantially the same as the output waveform of said relaxation device, means for producing a direct-current voltage the amplitude of which is a function of the phase difference between the output of said relaxation device and said transformed synchronizing signals, and means for applying said direct-current voltage to said grid.

3. In a television system, a receiver including a relaxation device having a saw-tooth output waveform, a source of synchronizing

It is contended by plaintiff, and supported by evidence in the record, that the Toulon reissue patent, involved in this suit[11] is "directed to a basically new system for effecting this synchronization between a transmitter and an all-electronic television receiver and particularly to such a system which is relatively immune to the disturbing effects of noise interference and, even in the presence of such noise, gives a relatively stable and acceptable picture," and that "the invention here in suit represents a rather basic and fundamental advance in the television art."

Toulon's original application and the patent issued thereon show that he did not conceive his invention as being restricted to an apparatus including an instrumentality for transforming the wave form of either the synchronizing pulses or the locally generated pulses, such apparatus being included in the original patent merely by way of example and illustrative application. Furthermore, the evidence in the record shows that, through error and without any deceptive intention, the patent issued thereon was partly inoperative by reason of Toulon's claiming less than he had a right to claim.

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signals external to said receiver, means for transforming said synchronizing signals to have a waveform substantially the same as the output waveform of said relaxation device, means for producing a potential which is a function of the phase difference between the output of said relaxation device and said transformer synchronizing signals, and means for utilizing said potential to vary the frequency of said relaxation device.

4. In a television system, a relaxation device having a saw-tooth output waveform, a source of synchronizing signals, means for transforming said synchronizing signals to have a waveform substantially the same as the output waveform of said relaxation device, means for producing a direct-current voltage the amplitude of which is a function of the phase difference between the output of said relaxation device and said transformed synchronizing signals, and means for utilizing said direct-current voltage to vary the frequency of said relaxation device."

[11] Re. 22,055.

The record contains a stipulation by counsel for both parties that, with two exceptions, changes occurring in the outline contained in the reissue patent do not constitute new matter. The two exceptions are covered by the testimony of Professor Hazeltine that the insertion of the word "instantaneous" following the words "local relaxation device" and the word "momentarily" preceding the words "controlled by a device" is not the introduction of any new idea or disclosure. He testified as to the reissue patent also, that the outline of the invention therein set forth, together with the disclosure of the specification as a whole, is adequate to enable one skilled in the art to practice the invention there outlined. The evidence shows that the changes made in the reissue patent were solely by way of clarification, alternative expression, amplification, expression of a more general aspect of the invention, or correction of unclear or erroneous language, and that they did not involve any new idea or disclosure, and further that each of the elements of the invention referred to in the reissue claims is in fact disclosed in the original Toulon patent. This fully satisfies the requirement of the reissue statute of 1952.[12]

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[12] 35 U. S. C. A., 1954 Ed., § 251. "Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the applications for reissue.

* * * * *

No reissued patent shall be granted enlarging the scope of the claims of the original patent unless applied for within two years from the grant of the original patent."

The 1952 statute, rather than the prior law,[13] governs this case because we are here considering an unexpired patent which is covered by section 4(a) of the 1952 enactment,[14] which provides:

> "This Act shall take effect on January 1, 1953 and • • •. It shall apply to unexpired patents granted prior to such date except as otherwise provided."

See, to the same effect, *Lyon* v. *Bausch & Lomb Optical Co.*, (1955) 224 F. 2d 530 and *Pacific Contact Laboratories* v. *Solex Laboratories*, (1953) 209 F. 2d 529.

We hold that the invention covered by the original patent and that covered by the reissue patent are one and the same.

We do not believe that *U. S. Industrial Chemicals, Inc.* v. *Carbide and Carbon Chemicals Corp.*, (1942) 315 U. S. 668, relied on by Avco, is inconsistent with our conclusion. In that case a process described in the original patent included a step in which water was used. In a reissue patent the use of water was made permissive. The court pointed out that the process described in the original patent included a step not designated as optional or desirable but described and claimed as an integral part of the whole operation, while, in contrast, the reissue treated this step as immaterial and mentioned the introduction of water as for the mere purpose of controlling the temperature in the reaction zone. The court concluded that the reissue omitted a step in the process which was described and claimed as essential in the original patent, holding that the reissue was not for the same invention described, claimed and in-

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[13] 35 U. S. C. A., 1946 Ed., § 64, provides in part: "Whenever any patent is wholly or partly inoperative or invalid, • • • if the error has arisen by inadvertence, accident, or mistake, and without any fraudulent or deceptive intention, • • •."

[14] 35 U. S. C. A., 1954 Ed., § 4(a), p. 145.

tended to be secured by the original patent, and was, therefore, void.

3. Toulon's invention, (the outline of which was embodied in the original patent specifications and interpreted by Alan Hazeltine, an expert witness) included the subsequent Loughren suggestion. It was not limited to use with a "sync transforming means," reference to which in the original Toulon patent was made only as an example of one use of that patent. In accepting the original patent with only the four claims allowed, Toulon's attorney, Albert R. Hodges, erred. There is no evidence indicating that either Toulon or Hodges at any time had any intention to deceive. Deceptive intention, like fraud, is never presumed.

On the other hand, the record affirmatively shows that the circumstances surrounding the prosecution of the original application afforded ample opportunities for errors to occur. Toulon, the client, was in Europe and there is no evidence that Hodges ever met or talked to him. All communications between them were made through intermediaries, Polydoroff and his associate Langley, and Frumkine, Toulon's attorney in Paris, France. The induction of Toulon into the French armed services occurred in September 1939 and the induction of attorney Frumkine therein in November 1939, with the reasonable inference that both of them were in a transitional period of preparation for said inductions for some time prior to said dates. Toulon's attorneys failed to procure an accurate translation of the Convention document upon which the application for the original patent was based. A change of attorneys for Toulon occurred on August 6, 1938, when Kenyon & Kenyon[15] were dismissed, because of "a matter of expenses,"

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[15] They were attorneys of record for Toulon up to that time in prosecuting the original application.

and Hodges was substituted.[16] Hodges did not fully comprehend the nature, advantages and scope of Toulon's invention, due to his limited experience in the patent field. He was not registered to practice in the patent office until about a year after the original application for Toulon was filed in the name of Kenyon & Kenyon by Hodges as "associate attorney." Langley, who was acting as agent for Toulon, announced his intention in October 1939, to release Hodges from further duty as Toulon's attorney.

Under these circumstances, a patent was issued with claims whose breadth deviated from those to which Toulon was entitled under the invention which he disclosed. The breadth of the claims therefore, through error, was incorrectly set forth and they, therefore, failed, as stated, to cover the scope of his invention. Within that scope fell Loughren's discovery.

This was a situation to which the law on reissuance of patents became directly applicable.

4. In this court Avco contends that the claims in issue are invalid over Smith patent 2,132,654.

Professor Hazeltine explained the rather elaborate system described in that patent. According to his testimony, it is apparent that there are a number of essential and basic distinctions between the disclosure of the Smith patent and the Toulon invention: (1) The Smith circuit does not relate to a television receiver as does Toulon, but to a transmitter, which has a quite different principle of operation and presents quite different synchronizing problems. (2) The synchronizing wave is transmitted on a channel separate from the picture signals, an arrangement which would render it unsuitable for synchronizing an electronic television receiver. (3) The synchronizing wave is transmitted by wire rather than by radio, so that it is inherently

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[16] He was associated with Langley, a consulting engineer.

relatively immune to disturbance by noise interference and is not confronted with the problem to which the Toulon invention is directed. (4) The oscillator of the Smith patent is synchronized by a low-frequency 60-cycle sine wave from an ordinary power line, a system which is relatively insensitive to noise disturbances because of the highpower level. (5) The oscillator which is synchronized operates at a frequency of 20,580 cycles per second, a frequency many times greater than (not substantially the same as) the 60-cycle power line from which it is synchronized.

He also testified that the following essential features of the Toulon invention are lacking from the Smith disclosure: (1) A system for precisely controlling the synchronization of an electronic television receiver from a series of receiver synchronizing pulses of short duration relative to their period. (2) Means for substantially eliminating the effect of noise pulses similar in nature to the synchronizing pulses of short duration and the effect of momentary synchronizing-signal interruption. (3) A circuit for supplying periodic synchronizing pulses of short duration to the system. (4) A relaxation oscillator which, in the absence of control, has substantially the same average frequency as the incoming synchronizing wave. (5) A circuit for developing from the output of a controlled relaxation oscillator a sawtooth wave for scanning.

The Smith patent was cited and considered by the patent office in the prosecution of the Toulon reissue patent application and was found not to be an anticipation of the Toulon patent claims in suit. The Smith system differs from the Toulon invention in many important respects related to the fact that it is comprised in a transmitter and not a receiver. It lacks the majority of the essential features of the Toulon synchronizing system.

The district court by its findings confirmed the rulings of the patent office and the testimony of Alan Hazeltine to

the effect that the Smith patent does not anticipate the Toulon invention.

Moreover, we also rely upon the thought expressed in *Williams Mfg. Co.* v. *United Shoe Machinery Corp.*, 121 F. 2d 273 (1941); (affirmed 316 U. S. 364):

> " * * * To the presumption of validity that attaches to a granted patent, where the most pertinent prior art has been cited against it in the patent office, there must probably now be added the force of a growing recognition of finality that is generally being accorded to administrative determinations supported by evidence, on the ground that the administrative agency is expected to have developed an expertness in its specific field beyond what may be expected from the courts wherein adjudications range the whole field of human controversies. * * * ." (p. 277)

5. The district court found that defendants have manufactured and sold within the Northern District of Illinois television receivers identified as model 11-445 MU, which include a synchronizing circuit which, in all material respects, is essentially the same as that described and claimed in the Toulon patent in suit and which operates on the same principles and produces the same results as that described in said patent, and the district court arrived at a conclusion of law that each of claims 5, 6, 7, 9, 10 and 13 of Toulon patent Re. 22,055 is infringed by the model 11-445 MU television receivers manufactured and sold by defendants.

In this finding,[17] as well as in this conclusion of law, we concur.

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[17] This finding is supported by the testimony of Professor Hazeltine. In detail he pointed out to the district court the substantial

6. Avco contends that the reissue patent is unenforceable because it was obtained by fraudulent misrepresentations to the patent office. However, the district court found as a fact that "the record fails to establish that there was any fraudulent representation or misrepresentation of any material fact to the Patent Office or concealment of any material fact from the Patent Office in connection with the filing of such reissue application or its prosecution." We believe that the evidence in the record supports this finding.

Moreover, it has been held that a person "sued for infringement will not be permitted to set up as a defense that the patent was fraudulently obtained, no fraud appearing on its face." *Alliance Securities Co.* v. *J. A. Mohr & Son,* 14 F. 2d 793, 798. The leading case is *Mowry* v. *Whitney,* 81 U.S. 434, 14 Wall., 434. To the same effect are *Rubber Co.* v. *Goodyear,* 76 U. S. 788, 789, 9 Wall., 788, 798; *Railroad Co.* v. *Dubois,* 79 U. S. 47, 64; *United States* v. *Bell Telephone Co.,* 128 U. S. 315, 373; *Buckingham Products Co.* v. *McAleer Mfg. Co.,* 108 F. 2d 192, at 195, and *Carson Investment Co.* v. *Anaconda Copper Mining Co.,* 26 F. 2d 651, 660.[18]

7. Avco contends that plaintiff has misused its patents, thus rendering the patent in suit unenforceable, and that plaintiff has "block-booked" its patents, which, it says, is both a misuse and an anti-trust law violation. More specifically Avco says that plaintiff has used the Toulon patent in an attempt to force Avco and others to take a license under all of its 600 patents; and plaintiff has worked in concert with Harold M. Lewis to use Lewis patent 2,208,374 which was assigned to Lewis by plaintiff for that

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identity of the physical elements of the Toulon patent to those of the Avco receiver and the similar method of operation of the Toulon circuit and the Avco receiver.

[18] (Footnote 18 was deleted by order of Court.)

purpose, to attempt to force Avco and others to take a license under all of its 600 patents.

Plaintiff is in the business of research and selling patent licenses. It has licensed more than 150 manufacturers of radio and television receivers under its standard license form, each embracing all of plaintiff's 600 patents. Under this form, royalties are payable on total production of radio and television receivers, regardless of the extent to which the licensee uses any Hazeltine patent. The standard Hazeltine license was considered by the court in *Automatic Radio Mfg. Co., Inc.* v. *Hazeltine,* (1950) 339 U. S. 827, where it was contended, *inter alia,* that that case was identical in principle with the "tie-in" cases and that the licensing provision, requiring royalty payments of a percentage of the sales of the licensee's products, constitutes a misuse of patents because it "ties in" a payment on unpatented goods. At 833, the court said:

> "This royalty provision does not create another monopoly; it creates no restraint of competition beyond the legitimate grant of the patent. The right to a patent includes the right to market the use of the patent at a reasonable return. • • •
> Payment for the privilege is required regardless of use of the patents."

Further, at 834, the court added:

> "The mere accumulation of patents, no matter how many, is not in and of itself illegal. • • • We cannot say that payment of royalties according to an agreed percentage of the licensee's sales is unreasonable. Sound business judgment could indicate that such payment represents the most convenient method of fixing the business value of the privileges granted by the licensing agreement. We are not unmindful that convenience cannot justify an extension of the monopoly of the patent. See, *e.g., Mercoid Corp.* v. *Mid-Continent Investment Co.,* 320 U. S. 661, 666; *B. B. Chemical Co.* v. *Ellis,* 314 U. S. 495, 498. But as we

have already indicated, there is in this royalty provision no inherent extension of the monopoly of the patent. Petitioner cannot complain because it must pay royalties whether it uses Hazeltine patents or not. What it acquired by the agreement into which it entered was the privilege to use any or all of the patents and developments as it desired to use them. If it chooses to use none of them, it has nevertheless contracted to pay for the privilege of using existing patents plus any developments resulting from respondent's continuous research. We hold that in licensing the use of patents to one engaged in a related enterprise, it is not *per se* a misuse of patents to measure the consideration by a percentage of the licensee's sales."

Furthermore, Avco contends that as a matter of fact plaintiff has used the Toulon patent and the Lewis patent, and has worked in concert with Lewis to use the Lewis patent, in such a way as to constitute misuse thereof.

Lewis was employed by plaintiff's organization from 1930 to 1946, during which time he made the invention forming the subject matter of patent 2,208,374. In 1949 when that patent was held to be valid and infringed by Admiral (*Hazeltine Research, Inc.* v. *Admiral Corporation*, 87 F. Supp. 72; 183 F. 2d 953, cert. denied 340 U. S. 896), Lewis was no longer connected with plaintiff. As a means of recognizing that one of his inventions, sustained by litigation, had proved to be of substantial value, an agreement was made between plaintiff and Lewis, under which it assigned the patent to Lewis, including all claims for past infringement thereof, but reserved to itself a royalty-free non-exclusive license, together with the right to grant non-exclusive sublicenses to others, and to make, use and sell apparatus embodying said invention, and under which Lewis agreed to promote, at his own expense, the licensed use of said invention, and to bring and prosecute such suits for infringement thereof as in the judgment

of Hazeltine might be reasonably necessary and prudent for enforcing said patent and preventing unlicensed use of the invention thereof. In said agreement, Lewis granted to plaintiff an irrevocable option to repurchase said patent and all then existing claims for infringement thereof not at the time of repurchase reduced to a liquidated value, together with any licenses which Lewis may have issued, at a price to be negotiated between the parties but in any event not to exceed $25,000.

On December 1, 1950, plaintiff wrote Avco claiming infringement of the Toulon reissue patent and others, including Lewis patent 2,208,374.

By its agreement with Lewis, plaintiff gained nothing other than the satisfaction of what it considered a moral obligation. Its right to enforce the Lewis patent is not greater, but actually is less than before it entered into the agreement. It previously had complete control of that patent and could bring suit whenever it chose. Under the agreement, however, it had to request Lewis to bring suit in proper cases. If Avco's charge of coercion on the part of plaintiff in requiring Avco or others to accept licenses of all of plaintiff's patents were well founded, plaintiff would have been in a much better position to exercise such coercion if it had not assigned the Lewis patent to Lewis under the said agreement.

After execution of that agreement, plaintiff instructed Lewis to sue Trad Television Corporation, Video Products and Avco on said patent. Plaintiff offered to "undertake to satisfy Mr. Lewis' claims" if Trad would take a standard Hazeltine license under all Hazeltine patents, which was done.

Lewis' suit against Avco was filed on the same day,[19] by the same attorneys, in the same court as the case at bar

[19] October 17, 1951.

and plaintiff is paying the compensation of the attorney who is acting as a trial lawyer in the Lewis case.

In response to an inquiry, the attorneys for plaintiff and Lewis advised Avco's counsel that if Avco would accept the standard Hazeltine license as of November 1, 1951, plaintiff would undertake to obtain the dismissal of this action and also the suit brought by Lewis against the defendants herein.

Belatedly, in its reply brief in this court, Avco for the first time makes a contention that the agreement between plaintiff and Lewis was champertous. Even if seasonably presented, we do not believe that this contention is meritorious. Plaintiff is not suing defendants upon that agreement.

Moreover, champerty has been defined (14 C. J. S. 356) as follows:

> "Champerty consists of an agreement whereby a person without interest in another's suit undertakes to carry it on at his own expense, in whole or in part, in consideration of receiving, in the event of success, a part of the proceeds of the litigation."

Under the terms of the Lewis agreement with plaintiff, both had a real interest in the Lewis patent and in the suits which Lewis instituted for infringement thereof. Those suits were only partly for the benefit of plaintiff. Lewis agreed to pay the expense thereof. Champerty is not involved in this case.

We do not agree with Avco's contention that the acts of plaintiff and Lewis, or either of them, amount to coercion. Avco contends that evidence of conversations between its representatives, and one Admiral Shea, Hazeltine's agent, indicates that Avco asked for license terms on a few patents and that none were ever given. Avco further contends that plaintiff implied Avco would have

to accept licenses of all of plaintiff's patents, or none. We do not believe that the evidence so indicates.

In view of the fallacious conclusion of Avco that the other facts hereinbefore detailed amount to coercion, and in view of the holding in *Automatic Radio Mfg. Co., Inc.* v. *Hazeltine, supra,* we conclude that plaintiff is not guilty of either misuse of its patents or an anti-trust violation in connection therewith.[20]

For the reasons above set forth, the judgment from which defendants appeal is

AFFIRMED.

A true Copy:

Teste:

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Clerk of the United States Court of Appeals for the Seventh Circuit.

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[20] The district court excluded certain evidence offered by defendants, which they say was in support of their contentions that plaintiff was guilty of misuse of patents and an anti-trust violation. We have examined this proffered evidence and find that, if received, it would not have affected the result at which we have arrived and therefore the error, if any, was harmless.

JUDGMENT

UNITED STATES COURT OF APPEALS

FOR THE SEVENTH CIRCUIT
Chicago 10, Illinois

Monday, October 31, 1955

Before:

HON. PHILIP J. FINNEGAN, *Circuit Judge*
" WALTER C. LINDLEY, *Circuit Judge*
" ELMER J. SCHNACKENBERG, *Circuit Judge*

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

No. 11,327

HAZELTINE RESEARCH, INC.,

Plaintiff-Appellee,

—v.—

AVCO MFG., CORP., and THE HARRY ALTER CO., INC.,

Defendants-Appellants.

This cause came on to be heard on the transcript of the record from the United States District Court for the Northern District of Illinois, Eastern Division, and was argued by counsel.

On consideration whereof, it is ordered and adjudged by this court that the judgment of the said District Court in this cause appealed from be, and the same is hereby, AFFIRMED, with costs.

ORDER DENYING PETITION FOR REHEARING

UNITED STATES COURT OF APPEALS

FOR THE SEVENTH CIRCUIT
Chicago 10, Illinois

Thursday, December 1, 1955

Before:

HON. PHILIP J. FINNEGAN, *Circuit Judge*
" WALTER C. LINDLEY, *Circuit Judge*
" ELMER J. SCHNACKENBERG, *Circuit Judge*

No. 11,327

HAZELTINE RESEARCH, INC.,

Plaintiff-Appellee,

—v.—

AVCO MFG., CORP., and THE HARRY ALTER CO., INC.,

Defendants-Appellants.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

It is ordered by the Court that the said petition for a rehearing in this cause be and the same is hereby, DENIED.

R. S. Sec. 4916; 45 Stat. 732; 35 U. S. C. 1934 Ed. 64 (Reissue Statute in Effect in 1937)

"Whenever any patent is wholly or partly inoperative or invalid, by reason of a defective or insufficient specification, or by reason of the patentee claiming as his own invention or discovery more than he had a right to claim as new, if the error has arisen by inadvertence, accident, or mistake, and without any fraudulent or deceptive intention, the commissioner shall, on the surrender of such patent and the payment of the duty required by law, cause a patent for the same invention, and in accordance with the corrected specification, to be reissued to the patentee or to his assigns or legal representatives, for the unexpired part of the term of the original patent. Such surrender shall take effect upon the issue of the reissued patent, but in so far as the claims of the original and reissued patents are identical, such surrender shall not affect any action then pending nor abate any cause of action then existing, and the reissued patent to the extent that its claims are identical with the original patent shall constitute a continuation thereof and have effect continuously from the date of the original patent. The Commissioner may, in his discretion, cause several patents to be issued for distinct and separate parts of the thing patented, upon demand of the applicant and upon payment of the required fee for a reissue for each of such reissued letters patent. The specifications and claims in every such case shall be subject to revision and restriction in the same manner as original applications are. Every patent so reissued, together with the corrected specifications, shall have the same effect and operation in law, on the trial of all actions for causes thereafter arising, as if the same had been originally filed in such corrected form; but no new matter shall be introduced into the specification, nor in the case of a machine patent shall the model or drawings be amended, except each by the other; but

when there is neither model nor drawing, amendments may be made upon proof satisfactory to the commissioner that such new matter or amendment was a part of the original invention, and was omitted from the specification by inadvertence, accident, or mistake, as aforesaid."

66 Stat. 808; 35 U. S. C. 1952 Ed. 251
(New Reissue Statute)

"Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

"The Commissioner may issue several reissued patents for distinct and separate parts of the thing patented, upon demand of the applicant, and upon payment of the required fee for a reissue for each of such reissued patents.

"The provisions of this title relating to applications for patent shall be applicable to applications for reissue of a patent, except that application for reissue may be made and sworn to by the assignee of the entire interest if the application does not seek to enlarge the scope of the claims of the original patent.

"No reissued patent shall be granted enlarging the scope of the claims of the original patent unless applied for within two years from the grant of the original patent."

Patent Act of 1952 (Public Law 593, 82d Congress, 2d Session, Chap. 950; 66 Stat. 792, approved July 19, 1952) Sec. 4(a) (66 Stat. 815) (Time of Taking Effect)

"This Act shall take effect on January 1, 1953 and shall apply to all applications for patent filed on or after such date and to all patents granted on such applications. It shall apply to further proceedings on applications pending on such date and to patents granted on such applications except as otherwise provided. It shall apply to unexpired patents granted prior to such date except as otherwise provided."

Patent Act of 1952 (Public Law 593, 82d Congress, 2d Session, Chap. 950; 66 Stat. 792, approved July 19, 1952) Sec. 5 (66 Stat. 815) (Repeal of Prior Statutes)

"The sections or parts thereof of the Revised Statutes or Statutes at Large enumerated in the following schedule are hereby repealed. Any rights or liabilities now existing under such sections or parts thereof shall not be affected by this repeal."

(The schedule of acts repealed is omitted. The acts listed are included in the table of patent laws. They include the reissue statute then in effect.)

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1955

No. 638

AVCO MANUFACTURING CORPORATION
and THE HARRY ALTER COMPANY, INC.,
Petitioners,

against

HAZELTINE RESEARCH, INC.,
Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

To the Honorable, The Chief Justice and Associate Justices of the United States:

INTRODUCTION

The opinions of the Courts below, the statement of jurisdiction, and the statutes involved are sufficiently set forth in the Petition (pp. 1-4). The statement of the case found in the Petition (pp. 4-13) contains a number of errors and a number of assertions which are so incomplete as to be misleading. It is believed that a restatement of the facts, rather than amendment and correction of Petitioners' statement, will serve the interests of brevity. Because of the defects noted, Petitioners' formulation of the questions presented is based in part on erroneous premises and they will be restated.

There are no special nor important reasons for granting a writ of certiorari in this case and it is submitted that Petitioners' asserted reasons (p. 2) are not valid or are not applicable to the facts of this case. Specifically:

1. Insofar as material here, there is no conflict between the decisions of the Courts of Appeals of the several Circuits as to the application of the 1952 Patent Act (Point 1, *infra*, pp. 14-19).

2. The validity of the Toulon patent in suit is, at the present time, of no public importance; its *sole* effect would be in the determination of Petitioners' liability for past use of the Toulon invention (Points 2 and 3, *infra*, pp. 19-26).

3. There is no conflict between the decisions of the Courts below and the decisions of this Court (Point 4, *infra*, pp. 27-33).

For convenience, Petitioners will sometimes hereinafter be referred to collectively as Avco and Respondent and its predecessors in title collectively referred to as Hazeltine.

STATEMENT OF THE CASE

As Petitioners' statement is understood, it comprises a series of assertions: (1) that the invention described in original Toulon Patent 2,227,815 (R. 1530) included as an essential element what has been termed a "sync-transforming means"; (2) that Toulon intentionally and deliberately limited each of the claims of his original patent to a combination including such element; and (3) that the original Toulon patent was deliberately reissued by Hazeltine to cover another and different television synchronizing system devised by one Loughren. It will be shown that *each* of these assertions is erroneous in whole or in essential part.

An understanding of the significance of the term "sync-transforming means" in the Toulon invention requires a

consideration of the nature of the Toulon invention and of the art into which it was projected by the inventor Toulon. Since the opinion of the Court below (Petition, pp. 4a-12a, inc.) includes a clear and succinct discussion of this subject, it is believed unnecessary to lengthen this brief by repetition here. The Court's attention is respectfully directed to this explanation, which shows clearly that the sync-transforming means was not an essential feature of the Toulon invention but was described merely as an example of one way of practicing that invention.

(a) The History of the Patent in Suit

The circumstances surrounding the issuance of the original Toulon patents, its acquisition and reissue by Hazeltine are as follows:

In 1938, Mr. Toulon, through his agents in the United States, Messrs. Polydoroff and Langley, offered a number of patent applications covering his inventions (including application Serial No. 151,807, the basis of the patent in suit) to Hazeltine, to Radio Corporation of America, and to Farnsworth Radio & Television Corporation, but the inventions were not appreciated at the time and were not accepted by any of the three companies (Stip., Exh. P-247, para. 32, R. 911; Exh. D-131, R. 1350-1351).

However, in February of 1940, one of the Hazeltine senior engineers, Arthur V. Loughren, an engineer having more than 16 years' experience, had in the meantime been put in charge of Hazeltine's television research and development groups with responsibility for planning the research work in this field. Loughren was not familiar with the earlier submissions of Toulon and brought a fresh approach to the solution of synchronizing problems. Independently, and as a result of a considerable amount of experimental work on the synchronizing of television receivers, Loughren set down a basic proposal for a system for synchronizing

television receivers, as well as a detailed description of his system, including the statement:

> "* * * This proposal represents a new principle in design of electronic scanning systems, I think." (Exh. P-266, R. 940; Stip., Exh. P-247, para. 40, R. 913).

Upon review of Loughren's disclosure for filing a patent application, the earlier Toulon application was recalled and reviewed and it was determined that the claims standing allowed therein, because of unnecessary limitations, were of such a limited scope that they did not cover the synchronizing system independently devised by Loughren, even though that system was "substantially similar to, and the equivalent of," Toulon's invention (Exh. P-247, para. 37, R. 911-912). It was also concluded that Toulon was the original inventor of Loughren's synchronizing system and that consequently no patent application should be filed on Loughren's synchronizing system (R. 319-323, Exhs. P-240 and P-241, R. 905-906).

As a result of the foregoing review, Hazeltine authorized its patent counsel, Mr. Dodds, to reopen negotiation with Toulon's agent Langley, upon which it was discovered that the application in question had been allowed but that the normal time for payment of the Patent Office final fee had expired, so that it was "forfeited" or abandoned. As a result of several conversations and correspondence between Langley and Dodds and his assistant Page, an agreement for the purchase of the Toulon application by Hazeltine was reached, contingent upon fulfillment of three conditions (Exh. D-137, R. 1356):

1. Execution of an assignment of the Toulon invention satisfactory to Hazeltine.

2. Acceptance of delayed payment of final fee by the Patent Office under the provisions of Rule 175 of the Patent Office then in force (Exh. P-272, R. 1007).

3. Execution by Mr. Toulon of a reissue application correcting the deficiencies noted by Hazeltine in its review of the then pending application.* It was also agreed, in order to save expense to Toulon and his agent Langley, that Hazeltine would "defray the expenses" necessary to prosecute the original application to issue and to prepare the reissue application (Stip. Exh. P-247, para. 37, R. 911-912; Exhs. D-133 to D-140, R. 1352-1360).

After the Agreement between Hazeltine and Toulon's agent Langley was completed, Hazeltine prepared for review by Toulon's attorney, Hodges, the petition to the Patent Office to accept the delayed payment of final fee (R. 1140-1142) which, after supplemental affidavits of Messrs. Hodges and Polydoroff (R. 1145-1148), was finally granted (R. 1149). The next problem was the preparation of the reissue application, reissue petition including a power of attorney to Dodds, reissue oath, and assignment of the original patent to Hazeltine. It was completely immaterial to the Patent Office who did the actual work of preparing these documents. When they were prepared they were sent by Dodds' office to Polydoroff with a letter dated January 23, 1941 (Exh. D-114, R. 1342) and, in the course of mails, forwarded to Toulon, who signed and acknowledged the papers. The reissue documents were returned to Dodds, who promptly sent them to the Patent Office with the letter of April 23, 1941 (Exh. D-59, R. 1152-1153).

The deficiencies in the original Toulon patent are readily explained by the fact that it was prepared and prosecuted by one Hodges who was then a novice, was not a lawyer, and was only admitted to practice before the Patent Office in July, 1938, near the conclusion of such prosecution. Hodges had had no practical experience in the television field and did not have the benefit of any assistance from the

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* At that time the nature of the deficiencies was not disclosed to Toulon or his agents because their interests were adverse until the actual assignment of the invention to Hazeltine.

inventor, due to the fact that he was in occupied France and had been mobilized into the French military forces and that his agents Polydoroff and Langley were unable to maintain communication with him because of the war (R. 708-709, 711, 1333). It is small wonder that the basic nature of Toulon's contribution, which had eluded the most skilled engineers in the great laboratories of R.C.A. and those of Farnsworth and Hazeltine, also escaped Hodges (Exh. P-247, R. 911, para. 32; Exhs. D-35, D-36, and D-131, R. 1089, 1090, 1350).

Thus the inventor, Toulon, was about to be deprived of all the fruits of his invention of unusual importance, due to the difficulties of communication with him and his agents (France was then under German occupation), differences in language, and the difficulty of his attorney Hodges in comprehending the true scope of the invention. Hazeltine's efforts resulted in salvaging the Toulon invention from a near loss for the benefit of both the inventor and Hazeltine. Nevertheless, until Hazeltine actually received an assignment of the Toulon Patent 2,227,815, along with the application for its reissue, all duly signed by the inventor Toulon, it had no control over the Toulon application. Prior to that event, Toulon's agents Langley and Polydoroff and his patent attorney Hodges were in full and exclusive control of the application, even though Hazeltine bore the expense of preparing the necessary formal application papers (Hodges, R. 712-713).

It is perfectly true that Hazeltine was the first to discover that the Toulon original application failed adequately to afford the protection to which he was entitled. It is also true that, as a result of the discovery and work of Loughren, Hazeltine reconsidered its former rejection of the Toulon invention. In fact, the petition (R. 1154-1155) forming a part of the reissue application papers recites on its face that Hazeltine was the assignee of the original Toulon patent and consented to the reissue application. It was

completely immaterial to the Patent Office whether Toulon himself discovered the insufficiencies in the claims or whether they were called to his attention by a prospective purchaser. The only issue before the Patent Office was whether Toulon was entitled to reissue his patent to correct deficiencies in the original claims inadvertently accepted by his attorneys because of their unfamiliarity with the art.

The foregoing sequence of events is confirmed in the opinion of the Court below:

> "* * * In accepting the original patent with only the four claims allowed, Toulon's attorney, Albert R. Hodges, erred. There is no evidence indicating that either Toulon or Hodges at any time had any intention to deceive. Deceptive intention, like fraud, is never presumed.
>
> "On the other hand, the record affirmatively shows that the circumstances surrounding the prosecution of the original application afforded ample opportunities for errors to occur. Toulon, the client, was in Europe and there is no evidence that Hodges ever met or talked to him. All communications between them were made through intermediaries, Polydoroff and his associate Langley, and Frumkine, Toulon's attorney in Paris, France. The induction of Toulon into the French armed services occurred in September 1939 and the induction of attorney Frumkine therein in November 1939, with the reasonable inference that both of them were in a transitional period of preparation for said inductions for some time prior to said dates. Toulon's attorneys failed to procure an accurate translation of the Convention document upon which the application for the original patent was based. A change of attorneys for Toulon occurred on August 6, 1938, when Kenyon & Kenyon* were dismissed, because of 'a matter of expenses,' and Hodges was substituted.** Hodges did not fully comprehend the

* They were attorneys of record for Toulon up to that time in prosecuting the original application.

** He was associated with Langley, a consulting engineer.

nature, advantages and scope of Toulon's invention, due to his limited experience in the patent field. He was not registered to practice in the patent office until about a year after the original application for Toulon was filed in the name of Kenyon & Kenyon by Hodges as 'associate attorney.' Langley, who was acting as agent for Toulon, announced his intention in October 1939, to release Hodges from further duty as Toulon's attorney.

"Under these circumstances, a patent was issued with claims whose breadth deviated from those to which Toulon was entitled under the invention which he disclosed. The breadth of the claims therefore, through error, was incorrectly set forth and they, therefore, failed, as stated, to cover the scope of his invention. Within that scope fell Loughren's discovery.

"This was a situation to which the law on reissuance of patents became directly applicable." (Petition, pp. 14a-15a).

(b) Toulon did not Intentionally Limit his Invention to a Synchronizing System including Sync-Transforming Means

As found by the Trial Court:

"12. The Toulon synchronizing system for electronic television receivers represents a basic and fundamental advance in the television art. It does not represent a mere improvement or modification of prior television synchronizing circuits which would have been obvious to a person having ordinary skill in the television art at the time the invention was made." (R. 1465).

The specification of the original Toulon Patent 2,227,815 (R. 1530) and the proceedings on it in the Patent Office (Exh. D-58Y, R. 1100-1150) show that Toulon himself also considered his invention as a basic one and did not intend to limit it to a synchronizing system including sync-transforming means. Thus, the following portions of the specification of the original Toulon application are in general

terms and clearly show that he did not conceive his invention as being restricted to an apparatus including an instrumentality for transforming the wave form of either the synchronizing pulses or the locally generated pulses:

> "This invention relates to a *new process* to assure the synchronism of a relaxation oscillatory system by means of electric signals coming from an outside station. It concerns more particularly the synchronization of television receiving stations comprising a relaxation device controlled by the synchronization signals coming from a transmitting station. (R. 1103-1104; emphasis added).
>
> * * *
>
> "The present invention is based on *an entirely different process,* which consists in realizing locally a relaxation device having a frequency very near that of the frequency of the lines or of the images of the transmitting station, and which is completely controlled and compelled to remain in coincidence with that of the transmitting station, by the continuous measurement of the difference in phase between these two frequencies. Contrary to what has been done up to the present time, the signal received is not used to release the local relaxation device, but the latter operates independently of the transmission of the synchronization signals and its frequency is controlled by a device which automatically compensates for the lag between the synchronization signals and the oscillations of the relaxation device. (R. 1104-1105; emphasis added).
>
> * * *
>
> "The invention will be better understood by reference to the drawing, *which illustrates by way of example a special manner of execution* of complete control of the frequency of a 'Thyratron' relaxation device which feeds a Braun tube by means of the synchronization pulses of a standard Hertzian wave television transmitting station * * *. (R. 1106; emphasis added).
>
> * * *

> "Fig. 3 shows the details of *a special assembly* utilizing the proposed control system in the particular case in which a 'Thyratron' is used in the relaxation device * * *." (R. 1109; emphasis added).

These same statements appear in the specification of the original Toulon patent (R. 1531-1532).

The claims of the original Toulon application, which he signed, (R. 1113) also show that he did not consider his invention restricted to a system including a sync-transforming means, as Avco insists. Thus, original claim 1 of the Toulon application (Exh. D-58Y, R. 1112) reads as follows:

> "1. In a television system, a relaxation device, a source of synchronizing signals, and means for varying the frequency of said relaxation device in accordance with the phase difference between the output of said relaxation device and said synchronizing signals."

Note that the foregoing claim is not restricted to the inclusion of wave form transforming means; Toulon did not originally conceive his invention to be so limited.

On the other hand, original claim 7 of the Toulon application (Exh. D-58Y, R. 1129) *did* include the sync-transforming feature as an element. Notwithstanding the fact that this claim included *the very feature* which Avco says was represented to the Patent Office as the essential feature of the Toulon invention, it was rejected by the Patent Office as unpatentable over Patent 2,066,528—Harper (Exh. P-275, R. 1554) and canceled by Toulon's attorney (Exh. D-58Y, R. 1135, 1136). It necessarily follows that *this feature was not considered to be determinative of patentability* either by the Patent Office or by Toulon's attorney.

Avco criticizes (Petition, pp. 9-11) Hazeltine's failure to advise Toulon in September 1940, at the time of its negotiations with Toulon's agent Langley, as to the nature of the defects of the original Toulon application and its

intention to reissue it if and when acquired. It also incorrectly asserts (p. 9) that the remainder of the purchase price was to be paid Toulon "if Toulon signed the reissue oath". The reasons that there was no such disclosure were (1) that Toulon's interests were adverse to Hazeltine's at that time and (2) that Toulon's agents had lost communication with Toulon because of his induction in the French army (R. 1333). It was not even known that Toulon was still alive. That was why Hazeltine insisted upon Toulon's signature to the reissue application papers and, more importantly, to the assignment of the original patent to Hazeltine before making the final payment (R. 1356-1358). Without these signatures Hazeltine would have purchased nothing.

THE QUESTIONS PRESENTED

(Petition, pp. 3-4)

The questions actually presented by the facts of this case, stated affirmatively, are:

1. The section of the Patent Act of 1952 dealing with reissues (35 U. S. C. (1952 ed.) 251) defines the appropriate remedy in a case where the inventor fails to secure claims in an original patent commensurate with the scope of his invention because his attorney fails to comprehend the true nature and scope of his invention, particularly when communications between the inventor and his attorney are interrupted by war.

2. The section of the Patent Act of 1952 dealing with reissues (35 U. S. C. (1952 ed.) 251) defines the appropriate remedy in a case where the inventor, through error and without deceptive intention, accepts in his original patent claims in some respects broader and in some respects narrower than his actual invention; that is, where such original patent claims fail accurately and completely to define his invention.

3. The section of the Patent Act of 1952 dealing with reissues (35 U. S. C. (1952 ed.) 251) governs the determination of the validity of unexpired reissued patents where the rights and liabilities of the parties to the action have not become crystallized by judgment prior to the effective date of the Act on January 1, 1953.

SUMMARY OF ARGUMENT

POINT 1—(Petition, pp. 18-20; infra, pp. 14-19). There is no conflict between the decisions of the Courts of Appeals of the several Circuits as to the application of the 1952 Patent Act to unexpired reissue patents. These decisions uniformly hold, in accord with the decision below, that if the rights of the parties have been reduced to judgment prior to the effective date of the Act, January 1, 1953, the prior statutes apply; if not, the 1952 Act applies.

POINTS 2 AND 3—(Petition, pp. 20-25; infra, pp. 19-26). The validity of the Toulon reissue patent in suit is of no public importance at this time because all of the television receiver manufacturing industry, including Avco, is licensed by Hazeltine.* Under the terms of the Hazeltine license agreement, licensees pay the same royalty whether or not they incorporate the invention of the Toulon patent in their television receivers, so that the royalty obligations of the industry will not be affected by any ruling on the validity of the Toulon patent. The *sole* effect of such a ruling would be in the determination of Petitioners' liability for past use of the Toulon invention.

POINT 4—(Petition, pp. 25-29; infra, pp. 27-33). There is no conflict between the decision of the Court below and the prior decisions of this Court. The decisions relied upon

* The Avco license does not at present include the Toulon reissue patent in suit, but that patent is to be added to the license without additional royalties if the decision of the Court below is sustained (Petition, p. 13).

by Avco relative to (a) the use of the reissue statute to cover later developments of others; (b) the propriety of omitting from reissue claims unessential elements included in the original patent claims, and (c) the factor of error without deceptive intention required by the reissue statute —the decisions cited by Avco on all of these points involved factual situations radically different from those at bar and are not apposite.

ARGUMENT

(Petition, pp. 13-29)

The argument will follow the order of that in the Petition.

In the introduction to their argument on reissues (pp. 13-17) and again in their specific argument on this issue (pp. 22-25), Petitioners attempt to develop an aura of fraud surrounding the reissue patent in suit. In the Courts below, Petitioners vigorously attacked the validity of the patent in suit because of alleged fraud in the procurement of the original and reissue Toulon patents (Answer, paras. 7-19, 25-34, R. 22-27, 30-34; Findings 18, 19, R. 1466; Decision below, para. 6, Petition, p. 18a). Now confronted with holdings by both the Trial Court and the Court of Appeals (1) that there was no fraud in the procurement of the original or reissue Toulon patents and (2) that the defense of alleged fraud in the procurement of a patent is not available to an infringer, Avco has abandoned its frontal attack but, by repeated inference and innuendo, has resorted to an oblique interjection of its accusation of fraud against Hazeltine and the patent in suit. Thus Avco uses the terms "fraud" and "fraudulent" some 16 times in these portions of the text of its Petition or in excerpts quoted from decisions where the issue of fraud was considered.

Avco has thus adopted the familiar stratagem of the propagandist that if an idea is repeated often enough it

will condition the mind of the reader or the listener to accept it as a fact. This discussion of purported fraud in the granting of reissue patents is not pertinent here where both the Trial Court and the Court below have found as a fact, from extensive oral testimony and documentary evidence, that no fraud attended the issue of the Toulon patents (Findings 18, 19, R. 1466, Petition, p. 18a).

In this section of its Petition (pp. 13-17) Avco includes a purported history of the use of the Reissue Statute. However, all the assertions of fact in this section are completely *dehors* the record and unverified and must be disregarded. Reference to a number of decisions condemning the improper use of reissues constitutes an attempt to establish "guilt by association". It is premised on the false syllogism that because some reissue patents have been held to be improperly obtained, and therefore invalid, and because the patent in suit is a reissue, it is also invalid. Significantly, this portion of the argument omits a discussion of the many decisions of this Court upholding reissue patents and paying tribute to the salutary purposes of the Reissue Statute.

POINT 1—THERE IS NO CONFLICT, MATERIAL HERE, BETWEEN THE DECISIONS OF THE COURTS OF APPEALS OF THE SEVERAL CIRCUITS ON THE APPLICATION OF THE 1952 PATENT ACT.

(Petition, pp. 18-20)

The Patent Act of 1952 provides, *inter alia*:

> "4.(a) This Act shall take effect on January 1, 1953 and shall apply to * * * unexpired patents granted prior to such date except as otherwise provided." (66 Stat. 792, 815).

Obviously the Toulon patent in suit is an "unexpired patent".

That Act provides further:

> "5. The sections or parts thereof of the Revised Statutes or Statutes at Large enumerated in the following schedule are hereby repealed. Any rights or liabilities now existing under such sections or parts thereof shall not be affected by this repeal." (66 Stat. 792, 815).

In interpreting the foregoing sections in conjunction, the Courts have uniformly held that the "rights or liabilities now existing", referred to in Section 5, are only such rights or liabilities as have been definitized by a judgment. If the rights had been determined by judgment prior to the effective date of the Act on January 1, 1953, the old statutes have been held applicable; if the rights had not been reduced to judgment prior to such date, the 1952 Act has been held applicable.

The "conflict" for which Petitioners contend is only apparent and not real. Only if one closes his eyes to the controlling fact of each case—had the rights and the liabilities of the parties been crystallized by a judgment—only then is there any apparent conflict, namely, that in some decisions after January 1, 1953, the old patent statutes have been applied and in some, the new Patent Act of 1952. When the cases cited by Petitioners are viewed from the status of the rights as of January 1, 1953, as they must, it becomes clear that there is no conflict between the Courts of Appeals of the several Circuits on this issue. This is shown by the following table, the last two cases of which are not cited by the Petitioners but are in accord with the others:

Case	Status of Rights as of January 1, 1953	Law Held Applicable
Texas-Miller Hat Corp. v. *Switzer Bros., Inc.* (C.A. 5, 1953) 201 F. 2d 824	Prior judgment	Prior statutes
General Motors Corp. v. *Estate Stove Co.* (C.A. 6, 1953) 203 F. 2d 912	Prior judgment	Prior statutes

Case	Status of Rights as of January 1, 1953	Law Held Applicable
Lyon v. *Bausch & Lomb Optical Co.* (C.A. 2, 1955) 224 F. 2d 530	No prior judgment	1952 Act
Pacific Contact Laboratories v. *Solex Laboratories* (C.A. 9, 1953) 209 F. 2d 529	Date of judgment not given*	1952 Act
United Mattress Machinery v. *Handy Button Machine* (C.A. 3, 1953) 207 F. 2d 1	No prior judgment	1952 Act
Stanley Works v. *Rockwell* (C.A. 3, 1953) 203 F. 2d 846.	Prior judgment	Prior statutes

Avco criticizes (pp. 18-19) the decisions of the Courts of Appeals in the *Pacific Contact Laboratories* v. *Solex Laboratories* case (*supra*) and the *Lyon* v. *Bausch & Lomb Optical* case (*supra*), both of which are consistent with the opinion below. However, it is significant that this Court denied certiorari in both of those cases (348 U. S. 816; U. S. ; No. 379, December 5, 1955; 107 USPQ, No. 11, p. II).

The case of *Diebold, Inc.* v. *Record Files, Inc.* (N. D. Ohio, 1953) 114 F. Supp. 375, cited by Avco (p. 19), involved an exception to the general rule. In that case the patentee had filed a disclaimer under the prior law (35 U. S. C. (1946

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* While the date of the judgment of the Trial Court does not appear from the decision, which apparently has not been reported, it seems clear that that judgment was entered after January 1, 1953, since the Court specifically refers to Section 4(a) of the Act, *supra*, and points out that the Act applies to unexpired patents "with certain exceptions not pertinent here". Section 4(e), quoted below, would have been a pertinent exception if judgment had been entered prior to January 1, 1953:

> "§4(e) Nothing contained in Title 35, as enacted by section 1 hereof, shall operate to nullify any judicial finding prior to the effective date of this Act on the validity of any patent by a court of competent jurisdiction." (66 Stat. 815)

ed.) 65, Appendix, p. A-2). The 1952 Patent Act made substantial changes in the types of disclaimers permitted (35 U. S. C. (1952) 253, Appendix, pp. A-2—A-3). The Court held that the disclaimer, valid when filed, could not be invalidated by the changes of the 1952 Act, saying:

> "The application of the Patent Codification Act to pending suits and suits on unexpired patents instituted after January 1, 1953, its effective date, must depend upon the particular section of the Act invoked and whether the facts giving rise to a new claim or defense under the Act occurred after its effective date. While it is true that there are expressions of opinion in the decisions of the courts and in the legislative history that the Act was intended to be a codification, only, (citing cases) it also is clear that some substantive changes were enacted by the Congress." (p. 376).

Avco also cites *Hartley Pen* v. *Lindy Pen* (S. D. Cal., 1954) 16 F.R.D. 141. This decision of the District Court for the Southern District of California held that with respect to alleged infringement beginning before, and continuing after, the effective date of the 1952 Patent Act, infringement occurring before that date is to be determined by the prior law and infringement after that date by the 1952 Act. The decision is contrary to the foregoing decisions of the Courts of Appeals of the several Circuits. In its decision the Court cited and relied upon *General Motors* v. *Estate Stove, supra,* and *Texas-Miller Hat* v. *Switzer, supra,* but those decisions were not apposite since they both involved judgments entered before the effective date of the 1952 Act.

Petitioners cite (p. 19) the case of *Riley* v. *Broadway-Hale Stores, Inc.* (C. A. 9, 1954) 217 F. 2d 530, for the proposition that the reissue section of the 1952 Patent Act (35 U. S. C. 251; Petition, p. 27a) did not change the substantive requisites for the validity of a reissue patent from those of the prior reissue statute (35 U. S. C. (1946 ed.) 64; Appendix, p. A-1). Assuming, *arguendo,* the correctness of that proposition, still the unambiguous language of the new Patent Act, the latest statement of those requisites,

is controlling; the only controversy that can arise is in the reconciliation of prior decisional law interpreting the old reissue statute with the new unambiguous statutory language. Thus, the case of *Riley* v. *Broadway-Hale Stores* does not support Petitioners' contention, even on its interpretation of that decision.

In the *Riley* v. *Broadway-Hale* case, the ruling of the Court was based upon a set of questions which had been stipulated by the parties. Apparently the evidence before the court (as well as the trial court) consisted essentially of the official Patent Office records without any explanatory testimony. Even so, the decision indicates that the factual situation there was radically different from that at bar:

> "* * The original application included claims for shoulder pads without voids. All of the original claims were rejected by the Patent Office. The claims to pads without voids were abandoned, but those for shoulder pads with voids were prosecuted. Eventually appellant accepted a patent limited to shoulder pads with voids, and thereupon *obtained the reissue primarily for the purpose of covering the very element deliberately abandoned.*" (p. 532; emphasis added).

The foregoing language should be contrasted with the situation here as summarized by the Court below:

> "Toulon's original application and the patent issued thereon show that he did not conceive his invention as being restricted to an apparatus including an instrumentality for transforming the wave form of either the synchronizing pulses or the locally generated pulses, such apparatus being included in the original patent merely by way of example and illustrative application. Furthermore, the evidence in the record shows that, through error and without any deceptive intention, the patent issued thereon was partly inoperative by reason of Toulon's claiming less than he had a right to claim." (Petition, p. 11a).

This holding is corroborated by Finding 20 of the Trial Court (R. 1467).

POINTS 2 AND 3—THE VALIDITY OF THE TOULON REISSUE PATENT IN SUIT IS OF NO PUBLIC IMPORTANCE AT THIS TIME.

(Petition, pp. 20-25)

On the basis of the evidence submitted, the Trial Court found that

> "9. Since 1947 the Toulon invention, as described, has gone into widespread commercial use and at the present time is embodied in substantially all commercial television receivers. With the exeption of Defendant Avco Mfg. Corp., all major manufacturers of television receivers, accounting for more than ninety per cent of current commercial production, have recognized the patent in suit by operating under license from Plaintiff with respect to such patent, as well as others of Plaintiff's patents. * *" (R. 1461-1462).

As the Petition asserts (p. 13), Avco has taken a license under all Hazeltine patents except the Toulon reissue patent in suit and, if the decision below is sustained, that patent is to be included in its license without the payment of additional royalties. Thus, should the decision of the Court below stand, all of the television industry, including Avco, will be licensed under the Toulon reissue patent.

The Toulon reissue patent expires in less than two years, on January 7, 1958.* The license agreements issued by Hazeltine are for periods of at least five years (Schedule B to Answer, R. 49, 60; Exh. P-283, R. 1030, 1041). There is no evidence of record that any of these licenses expires prior to the expiration of the Toulon reissue patent.

In view of the foregoing circumstances there is, as Avco suggests (Petition, p. 20), little likelihood of further litigation on the Toulon reissue patent. However, this fact is

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* Seventeen years from the grant of the Toulon original Patent 2,227,815 on January 7, 1941 (R. 1531).

irrelevant. Under the terms of the Hazeltine License the licensees pay a nominal royalty of less than 1%

> "* * upon each complete apparatus of any of the types identified in Article II, Section 2, sold by Licensee during continuance of this license royalties as follows:" (R. 53)

which includes television receivers (R. 52). The licensees pay this same nominal royalty irrespective of the number of Hazeltine patents utilized in its receivers. This Court, in *Automatic Radio* v. *Hazeltine* (1950) 339 U.S. 827, has approved this arrangement, saying:

> "* * What it acquired by the agreement into which it entered was the privilege to use any or all of the patents and developments as it desired to use them. If it chooses to use none of them, it has nevertheless contracted to pay for the privilege of using existing patents plus any developments resulting from respondent's continuous research. * *" (p. 834).

In brief, even should this Court review and reverse the decision of the Court below, such reversal would have no effect upon the royalty obligations of the television industry, including Avco, under their Hazeltine license agreements for the remaining life of the Toulon reissue patent which, as pointed out above, expires in less than two years. The *only* effect of reversal of the decision of the Court below by this Court would be on Avco's "liability for prior use" (Petition, p. 13) of the Toulon invention.*

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* Avco asserts (Petition, p. 5) that only one of its television receivers (Model 11-445 MU), produced during 1950-1951, has been held to infringe the patent in suit. An erroneous inference might be drawn from this statement that Avco's other television receivers had been held not to infringe. In fact, by stipulation, Hazeltine agreed to rely on that particular model "for proof of infringement, without prejudice to its right to show infringement by other Crosley television receivers if and when an accounting should be ordered" (Exh. P-247, Stip. para. 13, R. 908). Certain of such other television receivers produced after the set in question are identified on Exhibit P-230 (R. 886-888). Again, the only relevance of this assertion of Avco's would be upon its liability for prior use of the Toulon invention.

The validity of the Toulon patent under the present state of facts is not a matter of public importance.

In this section of its Petition (pp. 22-23) Avco refers to two very old decisions of this Court, *Leggett* v. *Avery* (1880) 101 U. S. 256, and *Manufacturing Co.* v. *Ladd* (1880) 102 U. S. 408, condemning the use of reissues to cover later developments. But there is a vital difference between the facts of this case and those of the two cases on which Avco relies. In each of those cases a patent was reissued in an attempt to cover *developments of a competitor which were made many years after the grant of the original patent and which had gone into commercial use.* Thus the *Leggett* v. *Avery* case involved extreme facts. The original patent issued in 1860 with limited claims but, in 1869, it was reissued with 6 broader claims. In 1874 the patentee applied to extend his patent for a seven-year term, a proceeding no longer permitted. The Patent Office conditioned such an extension upon the disclaimer of all of the reissue claims but one, which did not cover defendant's apparatus. This was done and the extension granted promptly. On the same day, the patentee applied for a *second* reissue "including substantially the claims which had been rejected and disclaimed" (p. 258) and persisted until he overcame the Examiner's opposition and the second reissue was granted. The second reissue patent was thus *filed fourteen years after the original and with the express purpose of recapturing disclaimed claims to cover the later commercial development of defendant.* The ruling in that case has no application to the facts of this case.

In the *Manufacturing Co.* v. *Ladd* case, *supra*, the reissue was filed more than twelve years after the grant of the original patent to cover the intervening commercial developments of the owner's competitors. Moreover, the decision in that case was actually one of noninfringement, based on a holding that if the reissue claims were construed broadly enough to cover defendant's apparatus, they would be for a different invention from the original.

In the instant case, Hazeltine applied for the reissue of the original Toulon Patent 2,227,815 promptly after its issuance to cover the *same* invention made by one of its *own employees, Loughren even before the original patent had been granted* (*supra*, pp. 3-4). Moreover, the reissue application was filed April 24, 1941 (R. 1523) some six years *prior* to the first commercial use of the Toulon invention in 1947 (Finding 9, R. 1461-1462). The decisions of this Court in the *Leggett* v. *Avery* and *Manufacturing Co.* v. *Ladd* cases have no application to the facts of this case.

In this section of its Petition (pp. 23-25) Avco cites a number of decisions, including one of this Court, condemning the procurement or use of patents in a fraudulent manner. Those decisions find no application here for two reasons:

1. There was no fraud in the preparation and prosecution of the Toulon reissue patent in suit. This was expressly so found by the Trial Court (Finding 19, R. 1466) and this Finding was expressly affirmed by the Court below (Petition, p. 18a).

2. The question of fraud in the procurement of a patent is not open to an infringer in order to enable it to escape the consequences of its infringement; the cancellation of a patent for fraud in its procurement is in the exclusive jurisdiction of the Attorney General of the United States.*

In view of this obligation imposed upon the Attorney General to protect the public against fraudulently procured

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* See the Opinion below (Petition, p. 18a) and the cases there cited. Other cases adhering to the same rule are:

Carson Investment Co. v. *Anaconda Copper Mining Co.* (C.A. 9, 1928) 26 F. 2d 651;

Steinfur Patents Corp. v. *J. Meyerson, Inc.* (E.D. N.Y., 1931) 56 F. 2d 372;

Alliance Securities Co. v. *J. A. Mohr & Son* (N.D. Cal., 1926) 14 F. 2d 793;

United Mfg. & Service v. *Holwin* (N.D. Ill., 1952) 13 F.R.D. 510.

patents, the fact that there was no fraud in the procurement of the Toulon reissue patent is confirmed by the failure of the Attorney General to take any action with respect to the Toulon reissue patent in suit. Avco's counsel reported to the Attorney General as early as August 14, 1952, its allegations of the fraudulent reissue of the Toulon patent (Finding 24, R. 1467; R. 506; 1616). In the Court below Avco argued that it was not the alleged fraud in the procurement of the Toulon reissue patent that they had reported to the Attorney General, but alleged misuse of patents by Hazeltine. The record does not support this contention. Judge BARNES' letter to Judge KNOCH acknowledged that the Department had received copies of the "complaint and answer of the litigants" (R. 1612). This Answer of Avco included, as Second and Fourth Defenses dealing with the alleged fraud in the issuance of the Toulon original and reissue patents, some twenty-three paragraphs (Nos. 7-19, and 25-34, inclusive) covering ten printed pages of the record (R. 22-27, 30-34, inclusive). This issue of alleged fraud was therefore before the Department of Justice as early as August 14, 1952 (R. 1616) and it can be presumed that the Department, as a result of this complaint of Avco, performed whatever duty it deemed appropriate.

Further, the admission of Avco's counsel that they had "reported the situation to the Attorney General" (R. 506) was made in the course of argument on Hazeltine's Motion to Strike these same Second and Fourth defenses (R. 506) and on Hazeltine's objection to the admission of a group of Avco's exhibits also dealing with these same two defenses of alleged fraud (R. 504-506). This is "the situation" that Avco's counsel admitted reporting to the Attorney General.

It may be that Avco's counsel was mistaken in admitting that he had reported to the Attorney General the alleged fraud in the procurement of the Toulon patents;

it may be that the Assistant Attorney General was not fully apprised of the nature of the complaint made by Avco's counsel to his predecessor in office prior to August 14, 1952, (R. 1616). However, as the record stands, Avco did admit referring to the Department of Justice this very alleged fraud in the procurement of the Toulon patents.

Avco alleges (Petition, p. 24) that the decision below is in conflict with the decisions of this Court in the case of *Hazel-Atlas* v. *Hartford-Empire* (1944) 322 U. S. 238. In fact, the holding in that case was bottomed squarely upon fraud perpetrated upon the Court of Appeals rather than the Patent Office, as appears from the decision itself:

> "This case involves the power of a Circuit Court of Appeals, upon proof that fraud *was perpetrated on it* by a successful litigant, to vacate its own judgment entered at a prior term and direct vacation of a District Court's decree entered pursuant to the Circuit Court of Appeals' mandate. (p. 239)
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> * * *
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> "* * After a hearing the Circuit Court concluded that, since *the alleged fraud had been practiced on it* rather than the District Court, it would pass on the issues of fraud itself instead of sending the case to the District Court * *. (pp. 239-240)
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> * * *
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> "* * In their brief, filed with the Circuit Court of Appeals, the attorneys for Hartford, one of whom had played a part in getting the spurious article prepared for publication, directed the Court's attention to 'The article by Mr. William Clarke, former President of the Glass Workers' Union'. The reference was not without effect. *Quoting copiously from the article* to show that 'labor organizations of practical workmen recognized' the 'new and differentiating elements' of the 'gob feeding' patent owned by Hartford, *the Circuit Court* on May 5, 1932, *held the patent valid and infringed,* reversed the District Court's judgment, and directed that court to enter a decree accordingly * *." (p. 241; emphasis added in each instance).

Furthermore, after the decision of the Court of Appeals sustaining the Hartford-Empire patent, the attorneys for Hazel-Atlas heard a rumor that the Clarke article was fraudulent and repeatedly attempted to learn the truth from Clarke. However, the attorneys for Hartford-Empire anticipated such a move and sealed Clarke's lips with an $8,000 bribe. The decision of this Court makes clear that its basis was the fraud perpetrated upon the courts, not the Patent Office.*

Neither do the other cases cited by Avco (Petition, p. 25) support its contention. The case of *Wooldridge Manufacturing* v. *R. G. Le Tourneau* (N. D. Cal., 1948) 79 F. Supp. 908 involved an action by Wooldridge for a declaratory judgment of invalidity of the defendant's patents in which the complaint alleged (1) defendant's unclean hands joined with an allegation of fraud in the procurement of the patent and (2) violation of the Sherman and Clayton Acts. Defendant's motion to strike these issues was denied by the Court "without prejudice to their renewal at the time of trial" (p. 910).

The case of *Randolph Laboratories* v. *Specialties Development* (C. A. 3, 1952) 199 F. 2d 680 involved a petition by plaintiff to reopen a judgment against it in a declaratory judgment action brought by it seeking to invalidate

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* While Avco has quoted in its Petition (p. 24) certain *dictum* from the *Hartford-Empire* case to the effect that the District Court might have dismissed the case if it had learned of the fraud on the Patent Office, it seems clear that that is not the law of the case. Attention is also called to the vigorous dissent of Mr. Justices Roberts, Reed, and Frankfurter who felt that, in spite of the compounding of the fraud on the courts by bribery, relief should be denied Hazel-Atlas, *inter alia*:

> "The resources of the law are ample to undo the wrong and to pursue the wrongdoer and to do both effectively with due regard to the established modes of procedure. Ever since this fraud was exposed, the United States has had standing to seek nullification of Hartford's patent. The Government filed a brief as amicus below and one in this court. It has elected not to proceed for cancellation of the patent." (p. 252)

defendant's patent and in which defendant counterclaimed for infringement. The basis for the petition was the patentee's alleged "fraud upon the Patent Office, the District Court and this Court" (p. 681) in concealing certain alleged prior art. The Court of Appeals said that in fact the prior art was not concealed and in addition that it was not anticipatory and dismissed the petition.

Mas v. *Coca Cola Co.* (C. A. 4, 1947) 163 F. 2d 505 was not an infringement action at all but a proceeding under Revised Statutes, Section 4915 (now 35 U. S. C. 145, 146) seeking to authorize and direct the Commissioner of Patents to issue to plaintiff a design patent on a beverage bottle. Had there been any fraud, it would have been in the very proceedings forming part of the action, not in a collateral proceeding, the issue presented here. The second case of *Mas et al.* v. *Coca Cola Co.* (C. A. 4, 1952) 198 F. 2d 380 was merely an attempt to relitigate the issues of the first case under the guise of a suit for damages. The Court affirmed dismissal of the complaint on the ground of *res judicata* arising from the earlier decision.

The case of *Monolith Portland Mid. Co.* v. *Reconstruction F. Corp.* (S. D. Cal., 1955) 128 F. Supp. 824, involved an action for damages arising out of a contract to build a plant for the Government, which was cancelled at the end of World War II. One of the issues was the value of certain patents resulting from the work of the plant. The Trial Court attributed little value to these patents because of the many defenses which it held might be raised against them. The validity of the patents was not before the Court for decision and anything said with respect to the effect of the alleged fraud in the procurement of the patents on the validity of the patents was dictum.

POINT 4—THERE IS NO CONFLICT BETWEEN THE DECISION OF THE COURT BELOW AND THE DECISIONS OF THIS COURT.

(Petition, pp. 25-29)

In this section of its Petition Avco cites a number of decisions of this Court on several diverse points of law with which it contends the decision of the Court below is in conflict. An analysis of those decisions does not bear out Avco's contentions.

As pointed out above (pp. 20-22), the practice condemned in the *Leggett* v. *Avery* (101 U. S. 256) and *Manufacturing Co.* v. *Ladd* (102 U. S. 408) cases involved the reissue of a patent to cover the commercial developments of a competitor made many years later. Those decisions have no application here.

The case of *U. S. Industrial Chemicals* v. *Carbide & Carbon Chemicals* (315 U. S. 668) relied on by Avco (pp. 26-27) is likewise not in point. Actually, there is no dispute between Hazeltine and Avco as to the principle of law contended for by Avco, namely that a reissue patent claiming an invention which is not the same as that intended to be covered by the original patent is invalid, with the qualification that a mere differentiation in breadth of scope of the claims does not, *per se,* make the reissue for a different invention. The statute now in force is express on this point:

> "Whenever any patent is, * * * deemed wholly or partly inoperative * * * by reason of the patentee claiming * * * less than he had a right to claim in the patent, the Commissioner shall * * * reissue the patent for the invention disclosed in the original patent * * *." (35 U. S. C. 251)

However, if there were any doubt as to the effectiveness of the current statute, the practice of utilizing broad-

ening reissues to correct under-claiming in the original patent has been followed under the prior patent statutes ever since the classic case of *Topliff* v. *Topliff* (1892) 145 U. S. 156. In that case, the patentee had twice reissued his patent and claim 2 of the second reissue patent in suit bore little resemblance to the original claim, omitting some elements and adding others, as appears from the following side-by-side comparison:

ORIGINAL	REISSUE
"The arms CCC'C' arranged upon separate rock-rods BB' secured directly to the front and rear axles to cause both ends of each spring to yield simultaneously and in unison with each other, and also to be laterally braced by said rock-rods, as described." (p.164)	"The combination of the connecting-rods BB' provided with arms at their ends, with the half-elliptic springs AA', substantially as and for the purpose set forth." (p. 165)

Nevertheless this Court found that there had been no change in substance to the specification or drawings of the reissue patents and held the reissue claim quoted valid, saying:

> "* * The second claim is to some extent a change of the claim of the first reissue. It omits the requirement that the connecting-rod shall be secured directly to the axle and bolster, so as to cause both ends of the sidesprings to yield simultaneously, and introduces the half-elliptic springs AA' as a new element of the combination. Whether this be an enlargement of the original claim or not, it is for substantially the same invention, and *in view of the fact that the reissue was applied for as soon as the mistake was discovered, and before any rights in favor of third parties could be reasonably expected to have attached, or had in fact attached,* we think this reissue is not open to the objections which have proved fatal to so many since the case of *Miller* v. *Brass Company*, 104 U. S. 350, was decided." (p. 165; emphasis added)

The Court then exhaustively reviewed decisions on the question of reissue and concluded:

> "From this summary of the authorities it may be regarded as the settled rule of this court that the power to reissue may be exercised when the patent is inoperative by reason of the fact that the specification as originally drawn was defective or insufficient, or the claims were narrower than the actual invention of the patentee, provided the error has arisen from inadvertence or mistake, and the patentee is guilty of no fraud or deception; but that such reissues are subject to the following qualifications:
>
> "First. That it shall be for the same invention as the original patent, as such invention appears from the specification and claims of such original." (p. 170)

It is interesting to note that the decision in *Topliff* v. *Topliff*, 145 U.S. 156, was expressly affirmed by the decision of this Court in *U. S. Industrial Chemicals* v. *Carbide & Carbon Chemicals* (1942) 315 U.S. 668, so heavily relied upon by Avco:

> "The new claims 8 and 9 are broader than those of the original patent. This fact, standing alone, does not vitiate the reissue. *Topliff* v. *Topliff*, 145 U. S. 156 * *." (p. 675)

However, the question as to whether a reissue patent is for the same invention as its original is a question of technical fact which must be determined by the particular circumstances of each case and a decision on one set of facts in one case is no guide in a case involving a basically different set of facts. For example, the decision in the *U.S. Industrial Chemicals* case (315 U.S. 668), that the introduction of water in the chemical process disclosed in the original patent was, as a matter of technical fact, an essential step of that process invention, gives no clue as to whether a wave-form transforming means in the original Toulon patent was an essential element of that invention

for a novel synchronizing system. Competent technical expert testimony can aid in resolving this question. The Trial Court and the Court below accepted the testimony of Professor Hazeltine that the sync-transforming means was not an essential feature of the invention described in the original Toulon patent.

However, in the *U.S. Industrial Chemicals* case (315 U.S. 668), the real ground of this Court's holding with respect to invalidity was a *fundamental alteration in the description of the invention in the specification, not a broadening of the claims.* The patent there involved related to a process for the production of ethylene oxide which included as an essential feature the introduction of water into the reactants to facilitate the chemical reaction. The reissue *changed the specification* to recite that water might be added during the reaction for cooling purposes. This Court held this change fatal, saying:

> "*The description* of the mode of conducting the process *differs from all those given in the original specification in omitting the introduction of water* (p. 675; emphasis added).
>
> "As the Circuit Court of Appeals held, the original specification and claims treated the voluntary introduction of water into the reaction chamber as a necessary step in the process, whereas such introduction is made permissive by the reissue. We agree with that court's view that there is thus a difference between the procedure described in the two documents. But we cannot agree with its conclusion that the difference is so insubstantial as not to invalidate the new claims 8 and 9. On the face of the papers, the process described in the original patent included a step not designated as option or desirable but described and claimed as an integral part of the whole operation. *In contrast, the reissue treats this step as immaterial and mentions the introduction of water as for the mere purpose of controlling the temperature in the reaction zone, a thought not even suggested by the specification of the original*

patent which, on the contrary, in its very first sentence, speaks of the simultaneous action of the oxygen of air and of water." (pp. 676-677; emphasis added).

This Court also went on to state the applicable rules of law clearly and succinctly:

> "*The question is whether, in the light of the disclosures contained in the two patents,* they are for the same invention. This court has said that they are if the reissue fully describes and claims the very invention intended to be secured by the original patent; if the reissue describes and claims only those things which were embraced in the invention intended to have been secured by the original patent; if the broader claims in the reissue are not merely suggested or indicated in the original specification but constitute parts or portions of the invention which were intended or sought to be covered or secured by the original patent. *The required intention does not appear if the additional matter covered by the claims of the reissue is not disclosed in the original patent.* * *" (pp. 675-676; emphasis added).

It is submitted that the Court below was correct when it held:

> "We do not believe that *U. S. Industrial Chemicals, Inc.* v. *Carbide and Carbon Chemicals Corp.*, (1942) 315 U. S. 668, relied on by Avco, is inconsistent with our conclusion. * *" (Petition, p. 13a).

Avco asserts (pp. 27-29) that the decision of the Court below is in conflict with the decision of this Court in *Dobson* v. *Lees* (1890) 137 U. S. 258, and the decision of the Court of Appeals of the Third Circuit in *General Radio* v. *Allen B. DuMont Laboratories* (1942) 129 F. 2d 608. The decisions in those cases are not apposite. The patent involved in the *Dobson* v. *Lees* case had been subjected to protracted proceedings in the Patent Office on the original patent, including several appeals and an interference. After the original patent issued, the patentee applied for a reissue

including one of the very claims refused by the Patent Office and cancelled. In holding the reissue patent invalid, this Court said:

> "It is clear that the claim of this reissue is not covered by the original patent, and it appears that before the issue of the latter it was passed upon and rejected; was withdrawn and erased; an interference was dissolved upon condition of the amendment; and the issue of the original letters was predicated upon its abandonment. There is no room for the contention that there was any inadvertence, accident or mistake in the premises. Nor, in the light of these protracted proceedings in the Patent Office, can the applicant be permitted to treat the deliberate acts of his attorney as the result of inadvertence, accident or mistake. The repeated official decisions and orders, and the repeated efforts to maintain this claim without success, during this long struggle, indicate anything but negligence or inadvertence on the part of the solicitors employed." (pp. 265-266).

The ruling in the *Dobson* v. *Lees* case has no application to the facts of this case and is not in conflict with the decision below.

In the *General Radio* case, the patent in suit issued in 1929 and was purchased by the plaintiff in 1934. In February, 1937, plaintiff's counsel advised it that the claims were probably invalid for functionality and a reissue application was filed six months later. The reissue oath did not show any circumstances leading to inadvertence, accident or mistake. In holding the patent invalid the Court said:

> "It will be seen that this was simply an averment of inadvertence, accident or mistake in the language of the statute, without any specification of supporting circumstances. * * *It passes belief that Bedell's patent solicitors did not understand the invention which they described so well in the specification.* It is much more rational to conclude, as we do, that they drew the functional claims with the intention

of covering any and all means which might be devised in the future to solve the problem which Bedell's particular means solved. Since the law does not permit the making of a functional claim this action of Bedell's solicitors, if it can be considered an error, was clearly no more than an error of judgment. * * (p. 611; emphasis added).

* * *

"But even assuming that the Commissioner of Patents had before him facts not disclosed in the file wrapper (citing case) which would have justified a finding that the insertion of the functional claims was not deliberate but was due to inadvertence, accident or mistake, it is clear that the grant of a reissue patent upon an application made more than eight years after the original issued was improper. Whether the functional claims were drawn deliberately and with the shrewd attempt to gain for the patentee more than his invention justified, or because of an error of judgment on the part of the patent solicitors or through inadvertence, accident or mistake, the error, if such it may be called, was apparent upon the face of the patent from the very day it issued. * * (p. 612).

* * *

"* * The question therefore is whether a delay of more than eight years in making application for reissue was reasonable. * *" (p. 613)

The facts of the *General Radio* case are to be contrasted with those of the instant case in which the circumstances of inadvertence were particularized in the reissue oath (R. 1177-1179) and in which the reissue application was filed within four months of the grant of the original patent.

CONCLUSION

The Petition should be denied for each of the following reasons:

1. Insofar as material here, there is no conflict between the decisions of the Courts of Appeals of the several Circuits as to the application of the 1952 Patent Act.

2. The validity of the Toulon patent in suit is, at the present time, of no public importance.

3. There is no conflict between the decision of the Court below and the decisions of this Court.

Respectfully submitted,

LAURENCE B. DODDS,
59-25 Little Neck Parkway,
Little Neck 62, New York

MILES D. PILLARS,
National Press Building,
Washington 4, D. C.

Attorneys for Respondent.

PHILIP F. LAFOLLETTE,
LEONARD A. WATSON,
M. HUDSON RATHBURN,
Mason, Kolehmainen, Rathburn & Wyss,
Of Counsel.

APPENDIX

Revised Statutes, Section 4916, 35 U.S.C. (1946 ed.) 64, 45 Stat. 732, reissue statute in effect prior to January 1, 1953:

"Whenever any patent is wholly or partly inoperative or invalid, by reason of a defective or insufficient specification, or by reason of the patentee claiming as his own invention or discovery more than he had a right to claim as new, if the error has arisen by inadvertence, accident, or mistake, and without any fraudulent or deceptive intention, the commissioner shall, on the surrender of such patent and the payment of the duty required by law, cause a patent for the same invention, and in accordance with the corrected specification, to be reissued to the patentee or to his assigns or legal representatives, for the unexpired part of the term of the original patent. Such surrender shall take effect upon the issue of the reissued patent, but in so far as the claims of the original and reissued patents are indentical, such surrender shall not affect any action then pending nor abate any cause of action then existing, and the reissued patent to the extent that its claims are identical with the original patent shall constitute a continuation thereof and have effect continuously from the date of the original patent. The commissioner may, in his discretion, cause several patents to be issued for distinct and separate parts of the thing patented, upon demand of the applicant, and upon payment of the required fee for a reissue for each of such reissued letters patent. The specifications and claims in every such case shall be subject to revision and restriction in the same manner as original applications are. Every patent so reissued, together with the corrected specifications, shall have the same effect and operation in law, on the trial of all actions for causes thereafter arising, as if the same had been originally filed in such corrected form; but no new matter shall be introduced into the specification, nor in case of a machine patent shall the model or drawings be amended, except each by the

other; but when there is neither model nor drawing, amendments may be made upon proof satisfactory to the commissioner that such new matter or amendment was a part of the original invention, and was omitted from the specification by inadvertence, accident, or mistake, as aforesaid."

Revised Statutes, Section 4917, 35 U.S.C. (1946 ed.) 65, 16 Stat. 206, disclaimer statute in effect prior to January 1, 1953:

> "Whenever, through inadvertence, accident, or mistake, and without any fraudulent or deceptive intention, a patentee has claimed more than that of which he was the original or first inventor or discoverer, his patent shall be valid for all that part which is truly and justly his own, provided the same is a material or substantial part of the thing patented; and any such patentee, his heirs or assigns, whether of the whole or any sectional interest therein, may, on payment of the fee required by law, make disclaimer of such parts of the thing patented as he shall not choose to claim or to hold by virtue of the patent or assignment, stating therein the extent of his interest in such patent. Such disclaimer shall be in writing, attested by one or more witnesses, and recorded in the Patent Office; and it shall thereafter be considered as part of the original specification to the extent of the interest possessed by the claimant and by those claiming under him after the record thereof. But no such disclaimer shall affect any action pending at the time of its being filed, except so far as may relate to the question of unreasonable neglect or delay in filing it."

The 1952 Patent Act, 35 U.S.C. 253; 66 Stat. 809 disclaimer statute in effect after January 1, 1953:

> "Whenever, without any deceptive intention, a claim of a patent is invalid the remaining claims shall not thereby be rendered invalid. A patentee, whether of the whole or any sectional interest therein, may, on payment of the fee required by law, make

disclaimer of any complete claim, stating therein the extent of his interest in such patent. Such disclaimer shall be in writing and recorded in the Patent Office; and it shall thereafter be considered as part of the original patent to the extent of the interest possessed by the disclaimant and by those claiming under him.

"In like manner any patentee or applicant may disclaim or dedicate to the public the entire term, or any terminal part of the term, of the patent granted or to be granted."

FILED
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HAROLD B. WILLEY

IN THE

Supreme Court of the United States

October Term, 1955

No. 638

AVCO MANUFACTURING CORPORATION and
THE HARRY ALTER COMPANY, INC.,

Petitioners,

—v.—

HAZELTINE RESEARCH, INC.,

Respondent.

REPLY BRIEF FOR PETITIONERS IN SUPPORT OF PETITION FOR CERTIORARI AND APPENDIX

FLOYD H. CREWS
405 Lexington Avenue
New York 17, N. Y.

CHARLES M. HOGAN
1329 Arlington Street
Cincinnati 25, Ohio
Attorneys for Petitioners

ALDEN D. REDFIELD
1329 Arlington Street
Cincinnati 25, Ohio

DARBY & DARBY
MORRIS RELSON
405 Lexington Avenue
New York 17, N. Y.
Counsel for Petitioners

LAWYERS PRESS, INC., 214 William St., N. Y. C. 38; 'Phone: BEekman 3-2300

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In the

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Avco Manufacturing Corporation and
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—v.—

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Respondent.

REPLY BRIEF FOR PETITIONERS IN SUPPORT OF PETITION FOR CERTIORARI

Hazeltine's Statement of the Case

Hazeltine challenges the accuracy of the facts as stated by us. It is wrong in every detail. However, as the alleged errors apply only to our Point IV, Hazeltine is answered under that heading herein (pp. 12-17).

The only exception is Hazeltine's statement that we are wrong in asserting that the Toulon patent was deliberately reissued to cover the later and different "independently developed" Loughren system. This applies to both of our Points III and IV. Hazeltine admitted in Stipulation 37 and Admission 20 (Petition, p. 9) that the original Toulon patent did not cover the Loughren system, and that it was deliberately reissued by Hazeltine to cover that system.

The Patent Is of Public Importance

On page 19 Hazeltine says that the Toulon reissue patent is no longer of public importance because "should the decision of the Court below stand, all of the television industry" will be licensed, and:

> "There is no evidence of record that any of these licenses expires prior to the expiration of the Toulon reissue patent."

Hazeltine is mistaken. The Toulon reissue patent expires January 7, 1958. The licenses are five-year licenses with a right to a three-year renewal (R. 60). The record shows that Hazeltine granted licenses to at least 16 companies early enough to expire before January 7, 1958, including such giants as Admiral, Sylvania, General Electric, and Motorola (R. 1251, 1252, 1254, 825, 827-8). All of these licenses were taken before the decision below. If the decision below stands, renewal of these licenses is inevitable. Hazeltine owns no other patent which has ever been adjudicated to be valid in a contested case (Req. and Adm. 44, R. 1395, 1398).

Hazeltine erroneously asserted there was "no evidence of record" in the face of these facts peculiarly within its knowledge.

Hazeltine's Statement of the Questions Presented

Hazeltine's counterquestions (pp. 11-12) do not present the issues raised by this case. None of them takes into account the fact that the alleged infringing acts were committed before the new Act went into effect; the first two assume disclosure in the original patent itself of the subject matter of the claims added by reissue; the first assumes that an attorney's failure to comprehend is material, even

though he faithfully follows instructions given him; and the second assumes that it is immaterial whether error arose by inadvertence, accident or mistake and does not distinguish between an error of judgment as distinguished from inadvertence, accident or mistake. All three ignore Section 5 of the new Act.

POINT I

There is a direct conflict between Courts of Appeals.

(a) The Meaning of Section 5

On page 15 Hazeltine flatly states that "the Courts have uniformly held" that Section 5 of the 1952 Patent Act is applicable only to such rights and liabilities as have been "definitized by a judgment." This is incorrect, and no Court has so construed Section 5.

The only known Court of Appeals cases which mention Section 5 are the *General Motors* case 203 F. 2d 912, 917 (C. A. 6, 1953) and the *Texas-Miller* case 201 F. 2d 824, 825 (C. A. 5, 1953) (Petition, p. 18). In the *Texas-Miller* case the Court did not even mention when the lower Court judgment had been entered. In the *General Motors* case the Court relied on the *Texas-Miller* case (203 F. 2d at p. 917). In neither case did the Court make any distinction based on the time of entry of the judgment.

The only other known case of any Court referring to Section 5 is the *Hartley* case (Petition, p. 19) which properly construed the *General Motors* and *Texas-Miller* cases, to which it expressly referred, as saving pre-existing rights by applying the old law to claims for infringement arising prior to January 1, 1953, even though no trial had occurred or judgment been entered prior to that date. Hazeltine recognizes (p. 17) that this case is contrary to its position, but makes the unsupported contention that a

prior judgment is essential to invoke the old law after January 1, 1953.

A similar holding to that in the *Hartley* case is made in *Gagnier Fibre Products Co.* v. *Fourslides, Inc.*, 112 F. Supp. 926 (E. D. Mich. S. D., 1953), where the judgment was entered *after* the new Act became effective. Without referring expressly to Section 5, but relying on the *General Motors* case, the District Court said at pages 928-9:

> "While we believe that it was not the intent of Congress to make this act entirely retroactive, not favored in the eyes of the law, U. S. Fidelity & Guaranty Co. v. U. S. for Use and Benefit of Struthers Wells Co., 209 U. S. 306, 28 S. Ct. 537, 52 L. Ed. 804; Winfree v. Northern Pacific Ry. Co., 227 U. S. 296, 33 S. Ct. 273, 57 L. Ed. 518, there is a recent decision, specifically holding that the new act is not to be so considered. General Motors Corporation v. Estate Stove Company, 6 Cir., 203 F. 2d 912, decided April 17, 1953. The instant case was heard before the 1952 act went into effect and decision was delayed only because of the filing of briefs."

Hazeltine's categorical statement that Section 5 applies *only* where prior judgment exists is therefore not supported by the *General Motors* and *Texas-Miller* cases and is flatly contradicted by the *Hartley* and *Gagnier* cases.

The rights and liabilities covered by a judgment are protected by Section 4(e) which reads:

> "4(e) Nothing contained in Title 35, as enacted by section 1 hereof, shall operate to nullify any judicial finding prior to the effective date of this Act on the validity of any patent by a court of competent jurisdiction" (Appendix hereto).

Rights and liabilities not covered by a judgment are protected by Section 5 (Petition, p. 28a) which reads in part:

> "Any rights or liabilities now existing under such sections or parts thereof shall not be affected by this repeal."

Thus Section 4(e) prevents retroactive effect of the new Act to nullify a prior judicial finding "on the validity of any patent"; Section 5 prevents retroactive effect as to "any" rights or liabilities "now existing."

If the present case (commenced Oct. 17, 1951) had been tried and judgment entered before January 1, 1953, the claims in suit would have been invalid under the cases on pages 25-29 of the Petition. Prior to January 1, 1953 Avco had the then existing "right" to rely, and did rely, on that invalidity in manufacturing the sets now held to infringe. Under Section 5 that right "shall not be affected" by any changes made by the new Act.

By Hazeltine's argument the same "rights" would be differently adjudicated if the judgment was entered before, rather than after, January 1, 1953. This is prohibited by Section 5.

The construction of Section 5 urged by Hazeltine would render Section 4(e) superfluous. Such construction would of course be improper.

Even in a situation where the constitutional power of Congress to legislate retrospectively is established, this Court in *United States* v. *Burr*, 159 U. S. 78 (1895), in construing a repealer statute similar to Section 5 here involved, kept in force vested rights and liabilities, saying (p. 83):

> "if Congress intended that section 1 should relate back to August 1, still the intention is quite as apparent that the Act of October, 1890, should remain in full force and effect until the passage of the new Act on August 28 (1894) and that all acts done, rights accrued, and

> liabilities incurred under the earlier Act, prior to the repeal, should be saved from the effect thereof, as to all parties interested, the United States included."

In that case the Court quoted with approval its own earlier statement of the "general rule" that (pp. 82-3):

> "words in a statute ought not to have a retrospective application, unless they are so clear, strong, and imperative that no other meaning can be annexed to them, or unless the intention of the legislature cannot be otherwise satisfied;"

There is accordingly a direct conflict between circuits as to whether Section 5 prevents retroactive application of the new Act.

(b) The Meaning of the New Reissue Statute

On page 17 Hazeltine assumes *arguendo* that we are correct in stating that the new statute "did not change the substantive requisites for the validity of a reissue patent from those of the prior existing statute," and then goes on to say on page 18 that "the only controversy that can arise is in the reconciliation of prior decisional law interpreting the old reissue statute with the new unambiguous statutory language." If Hazeltine's assumption is correct, that there is no substantive change, there can, of course, be no occasion for reconciliation. But this controversy has already arisen and the uncertainty it occasions will plague the administration of the patent laws until it is determined by this Court.

Hazeltine invokes the naked language of the new reissue statute, stripped of the Supreme Court interpretation of the old, and asserts in effect that there are substantive changes. Hazeltine's position here is the same as it asserted

below in its brief (p. 53) and which the Court below followed:

> "* * * the question of 'inadvertence, accident, or mistake' is no longer the criterion for testing the legality of a reissue patent. The Reissue Statute in force since 1953 (supra, p. 41) is more liberal in that it requires only that the defect in the original patent occur 'through error and without any deceptive intention' (35 U. S. C. 251)."

No authority for this assertion is given.

We urge that the new reissue statute is not applicable here, as a matter of statutory construction of Section 5, but, if applicable, a direct conflict arises with respect to *Riley* v. *Broadway-Hale Stores, Inc.*, 217 F. 2d 530 (C. A. 9, 1954) which squarely held that the same inadvertence, accident or mistake is required under the new Act as under the old (Petition, p. 19).

Hazeltine refuses to discuss this point in its brief (pp. 17-18). It merely contends that there are differences between the facts of the *Riley* case and of the present case, ignoring the vital fact that the *Riley* case held that, to warrant reissue, there must be error arising by inadvertence, accident or mistake and without any fraudulent or deceptive intention, while the Court below adopted Hazeltine's position that mere error without deceptive intention, without more, suffices.

More than 24,000 reissue patents have issued. More than 3,000 have issued in the last 17 years. Nearly 200 are now issuing yearly. Henceforth the issuance and adjudication of each reissue patent will raise this question until decided by this Court, with increasing confusion and uncertainty until such decision.

POINTS II and III

The questions are of public importance.

As pointed out above (p. 2) the patent is important in the determination of existing licensees whether to renew. How long the entire industry pays royalties on its entire production of television sets is of great public importance.

The questions presented are of public importance for the reasons expressed in the *Leggett* and *Ladd* cases (Petition, pp. 22-25).

Hazeltine, at page 21, attempts to soften the effect of the *Leggett* and *Ladd* cases on the ground that those cases involved attempts to cover developments of a competitor which had gone into commercial use. There is no distinction in principle between this and the purchase here of Toulon's patent application by a competing patent licensor (Hazeltine) to cover the later development of another (Loughren) which had better commercial potential (R. 319) and which Loughren, as Chairman of the Joint Technical Advisory Committee for the F. C. C. (R. 284) had the opportunity to induce the industry to use (R. 333).

Hazeltine argues (p. 21) that because of the short interval between the grant of Toulon's original patent and his application for reissue the *Leggett* and *Ladd* cases are inapplicable. This is not the law. Even shorter periods cannot save reissue patents from invalidity. As this Court said in *Freeman* v. *Asmus*, 145 U. S. 226 (1892), at page 241:

> "In *Yale Lock Co.* v. *Berkshire Bank*, a reissue was held invalid, although it was applied for only thirteen days after the granting of the original, because there was not a clear mistake, inadvertently committed, in the wording of the claim;"

Hazeltine at pages 22 to 26 discusses the question of fraud. We have merely pointed out the importance of strict compliance with the requirements for reissue patents designed to prevent fraud in all cases, but ineffective to do so unless strictly construed, as this Court has held (Petition, pp. 15, 23).

On pages 22-25 Hazeltine argues that the failure of the Attorney General to act in this case is somehow favorable to it, and cites the *Hartford-Empire* case (p. 24) in support of its position. The Attorney General did not act in the *Hartford-Empire* case until after this Court acted (*United States* v. *Hartford-Empire Co.*, 73 F. Supp. 979 (D. Del., Oct. 7, 1947).

In argument, Hazeltine here again avoids meeting an issue directly. It discusses cases on *cancellation* of patents for fraud. These are irrelevant to the question of enforceability of a patent obtained by fraud (Petition, p. 24). The Court below overlooked the distinction, pointing to the desirability of clarification by this Court.

POINT IV

There is conflict with decisions of this Court.

Hazeltine at page 27 again tries to soften the impact of the *Leggett* and *Ladd* cases. This is ineffectual for the reasons given above on page 8.

On page 27 Hazeltine again avoids the issue. We make no contention that the *U. S. Industrial Chemicals* case (Petition, pp. 26-27) invalidates all broadened reissue patents. Rather, that case specifies criteria for determining whether a reissue patent is for the same invention as the original, which criteria the Court below overlooked.

Hazeltine admits on page 27 that, under the decisions of this Court, a reissue patent is invalid which claims an invention which is "not the same as that **intended** to be covered by the original patent." (Emphasis added.)

In *U. S. Industrial Chemicals, Inc.* v. *Carbide and Chemicals Corp.*, 315 U. S. 668 (1942) this Court said at page 676:

> "The **required intention does not appear** if the additional matter covered by the claims of the reissue **is not disclosed** in the original patent. * * * And **it is not enough that an invention might have been claimed** in the original patent **because it was suggested or indicated** in the specification. It must appear from the **face of the instrument** that what is covered by the reissue was **intended to have been covered and secured by the original.**" (Emphasis added.)

A negative inference that Toulon did not "conceive" his invention as limited is not enough. It falls short of even a "suggestion" or "indication."

The Court below held that the disclosure of Toulon's individual elements, in the original patent, was adequate under the new law to constitute a disclosure of the new and different combination covered by the added reissue claims. The Court said (Petition, p. 12a):

> "each of the elements of the invention referred to in the reissue claims is in fact disclosed in the original Toulon patent. This fully satisfies the requirement of the reissue statute of 1952."

This is clearly in direct conflict with *U. S. Industrial Chemicals.* A mere catalog of elements will support any new com-

bination if that is now the law. It is not the law, as this Court clearly stated in that case.

On page 679 this Court quoted *Gill* v. *Wells*, 22 Wall. (U. S.) 1, 26 (1874) as follows:

> "Argument to show that an invention consisting of a combination of three ingredients which are old is not the same as that of a combination of four old ingredients is quite unnecessary, as the negative of the proposition is as well settled in the patent law as it is in mathematics."

On page 30 Hazeltine says that the "real ground of this Court's holding with respect to invalidity" in the *U. S. Industrial Chemicals* case was a "fundamental alteration in the description of the invention in the specification, not a broadening of the claims." Hazeltine is mistaken. The issue there was the same as here, that is, whether the reissue patent *claims* what was "disclosed in the original patent" and what appears "from the face of the instrument" as "intended to have been covered and secured by the original," regardless of changes in the description.

Hazeltine, in citing *Topliff* v. *Topliff*, 145 U. S. 156 (1891), and making the fallacious contention that broadened reissues are universally approved, has overlooked *Freeman* v. *Asmus*, 145 U. S. 226 (1892), decided two weeks after the *Topliff* case, which invalidated a broadened reissue patent, and many other cases since that time.

In the *Asmus* case this Court pointed out at 145 U. S. 237 that:

> "Asmus waited until experience and reasoning had shown him the broadest formula in which to express the claims of his patent so as to cover all possible modifications."

This is exactly what Hazeltine did, availing of Loughren's "fresh approach" and "considerable amount of experimental work" (p. 3) to show it the broadest formula in which to express the claims of the reissue so as to cover all possible modifications. In that manner what Hazeltine once, after "careful consideration," rejected as not "fundamental in nature" (R. 1350), it now asserts to be basic.

At pages 31-32 Hazeltine again fails to meet our argument as to *Dobson* v. *Lees* and *General Radio* v. *Dumont* (Petition, pp. 27-28). In both those cases, the Courts held that the intentional and deliberate acts of the patentee's solicitor could not be changed by reissue.

The specific differences in facts between the present case and those cases is immaterial to the principles stated by this Court. The facts here, not controverted by Hazeltine, show lack of inadvertence, accident, or mistake on the part of Hodges or anyone else (even if Hodges committed error), and the decision below conflicts with the prior decisions of this Court. This is proved by the facts that (a) Toulon has never disclosed the Loughren system (b) there was no error in claiming, and (c) Toulon intentionally limited his original patent claims.

(a) Toulon Has Never Disclosed the Loughren System

Hazeltine does not argue that Toulon ever disclosed that his sync transforming means (the element omitted in the added reissue claims, Petition, p. 6) could be omitted. It argues (p. 9) that Toulon did not "conceive" his invention as being limited to include a sync transforming means, and that this is proved by *inference* from the original patent.

The argument is that this conception is to be inferred from the original patent because Toulon's disclosure was in general terms, and that in disclosing his only structural

embodiment, which included a sync transforming means, he *implied* that there might be other structural embodiments. This is obviously not a suggestion that such other embodiments might omit a sync transforming means. The argument is tantamount to saying that because a Buick engine is disclosed as one way of making an automobile go, with the implication that other engines could be used, this discloses that an engine could be omitted entirely. A general desire not to be limited is no substitute for the clear disclosure required in a patent.

On page 6, Hazeltine says that "the basic nature of Toulon's contribution" had "eluded the most skilled engineers in the great laboratories of R. C. A. and those of Farnsworth and Hazeltine." What this means is that they did not learn from Toulon's original application (which is what they studied, R. 911, No. 32; R. 1350) that the sync transforming means could be omitted. If they did not learn it, it is obvious there was no disclosure from which anyone else could learn it. Hazeltine admits it first learned it "independently" from Loughren's "fresh approach" based on a "considerable amount of experimental work" (p. 3). The vital fact is that there was **no such disclosure**, regardless of any undisclosed "conception."

(b) There Was No Error in Claiming

There could, of course, be no error in failing to claim what was not disclosed.

Hazeltine argues (pp. 5-8) that there was error in including the limitation to sync transforming means in the claims of the original patent because of poor communication due to the war, and incompetent or inadequate translation, preparation, and prosecution. This is incorrect.

Toulon's original patent was prosecuted throughout in accordance with "complete instructions" from France. In

a letter from Polydoroff to Langley (Toulon's U. S. agents), dated October 14, 1940 (R. 1261), Polydoroff said:

> "The Actions, amendments were studied in Paris and complete instructions send as to the answ:rs, payments of fees and issuance or abandonment of patents."

In Langley's letter to Page, of Hazeltine, dated October 15, 1940 (R. 1265), he says at R. 1266:

> "The prosecution was **closely watched** by M. Toulon and his legal and patent adviser from France **during the entire period of prosecution.** They had **constantly supplied us with their instructions** until both Toulon and Attorney Frumkine were mobilized." (Emphasis added.)

Those instructions were given before the war started. The third and last Office Action before allowance was on May 5, 1939 (R. 1134), four months before Hitler invaded Poland.

That there was no such error is also proved by the facts that Toulon's corresponding French patent (R. 1583, translation R. 1587) which issued in 1937, long before the war, names the sync transforming as the first characteristic feature (R. 1591); that his corresponding German patent (R. 1593, translation R. 1597), which was filed in 1937, claims the sync (i.e., wave) transforming in every claim (R. 1600-1) and says, four lines from the bottom of the first page (R. 1597), that it is "only then" (that is, only when a sync transforming means is used) that precise synchronization may be attained. (In his reissue oath Toulon swore that no German application had been filed (R. 1177). It is now stipulated in this case that one had been filed (No. 25, R. 909-10) and that the translation at R. 1597 is a correct translation (No. 54, R. 913).)

(c) Toulon Intentionally Limited His Original Patent Claims

On page 10 of its brief Hazeltine quotes claim 1 of Toulon's original application as filed, as showing that Toulon "did not conceive his invention to be so limited" because that claim does not recite the sync transforming means. That claim is a broad single means claim which recites no structure except the device to be controlled and "means" for controlling it. It was rejected in the first Office Action (R. 1119) and immediately cancelled (R. 1120). It proves nothing with respect to "conception."

That claim does prove that there is a direct conflict with *Dobson* v. *Lees* (Petition, pp. 27-28) because (Petition, p. 8) the claim was intentionally cancelled on April 21, 1938 (R. 1120), when there was unimpeded communication with Toulon, and Toulon intentionally accepted:

> "limitations imposed by the Patent Office, which narrow the scope of the invention as at first described and claimed." (*Dobson* v. *Lees*, 137 U. S. 258, 265 (1890).)

On page 10 Hazeltine also refers to claim 7 of the original Toulon application as a claim which included the sync transforming feature and was nevertheless rejected, and argues that this shows that this feature was not considered to be determinative of patentability either by the Patent Office or by Toulon's attorney. The argument fails because claim 7 (a process claim) was rejected on the ground that it failed to mention the necessary antecedent required fully to define the sync transforming step (R. 1135) namely (Petition, p. 7):

> "a relaxation device having a saw-tooth output wave form," (R. 1532-3)

for producing the local oscillations. Without that antecedent it was *also* rejected on Harper.

Hazeltine infers (p. 9) from recitals in the original patent relative to the "process" on which the Toulon invention "is based," that all structures which might be "based" on that process are disclosed. This is a grossly erroneous inference because it would permit Toulon to assert dominion by reissue over not only the combination originally claimed by him, complete with sync transforming means, but also other undisclosed combinations which omit one or more other elements which he similarly prescribed, for example, the relaxation oscillator. To impute to Toulon a structural invention coextensive with the scope of the process on which it is "based," would be tantamount to allowing to Toulon the very claim 1 which the Patent Office rejected and Toulon cancelled, because claim 1 is cast in terms of all means for executing the process. Hazeltine's fallacy is in overlooking the fact that no process claims whatever were allowed to Toulon, that the only structure he disclosed featured the sync transforming means, and that he treated that means as essential by including it in each claim of the original patent (R. 1532), prescribing it in the specification (R. 1531, c. 1, l. 42; c. 2, ll. 20-23), not so much as suggesting that it might be optional, and arguing that it imparted patentability to the claims (Petition, p. 7).

If any process whatever be imputed to Toulon it must be the process, not utilized by Avco (R. 212), which included the sync transforming step featured in Toulon's original patent (R. 1531, c. 1, l. 42):

> "In accordance with the invention, the very short synchronization impulses are transformed into signals the shape of which resembles that of the oscillations of the local relaxation device * * *."

Although the Court of Appeals recited this "process" in its opinion (Petition, p. 9a) it failed to realize the significance thereof and erroneously imputed to Toulon an inven-

tion of the scope of his "process" while failing to limit him to the only combination he specifically prescribed and claimed in his original patent "in accordance with" his invention.

The critical facts involved in the history of the original Toulon patent are that none of its claims is infringed (R. 1456-7); that each of its claims was intentionally accepted by Toulon's agent Langley (Petition, p. 8); that the other claims were intentionally cancelled (Exh. 31, R. 1085, R. 1136); and that the patentee has at no time even attempted to show that this acceptance was inadvertent, accidental or by mistake, relying entirely on an alleged error which is at best one of judgment.

Hazeltine, Toulon, Langley, Polydoroff, and Hodges intentionally procured issuance of the original patent. Hazeltine paid the final fee on the original patent application (R. 1060), assumed the prosecution (Stip. 35, R. 1378; Req. and Adm. 81, R. 1396, 1399), requested that Hodges stay on as Attorney of Record (R. 1359, R. 1059), confirmed Hodges' acts (Req. and Adm. 79, R. 1396, 1399), and accepted the original patent under circumstances when there was full communication with Toulon (R. 1355), who directed that the final fee be paid (R. 1148).

CONCLUSION

As this Court said in *Sontag Chain Stores Co.* v. *National Nut Co.*, 310 U. S. 281 (1940), at page 293:

> "Questions relative to reissued patents have long been vexatious to those immediately concerned with administration of the patent laws."

This case affords a unique opportunity for determination of the questions here presented for these reasons:

1. The original patent was admittedly not infringed.
2. The original claims were intentionally accepted.
3. The admitted purpose of the reissue was to add additional claims to cover the later invention of another.
4. The determination to apply for a reissue was made by Hazeltine Corporation before the original patent even issued.
5. The reissue claims omitted an element which was urged during the original prosecution to be a reason for patentability of the original, and this was the precise element missing in the later development of another (Loughren), and omitted from the accused device.
6. No combination without this element was disclosed in the original patent.
7. Only through retroactive application of the new reissue statute to acts committed before its enactment, was validity sustained.

This Court can now definitively construe the new reissue statute in a way which will insure against the abuses so often condemned in the administration of the old.

It is accordingly prayed that the Petition be granted.

Respectfully submitted,

FLOYD H. CREWS
Attorney for Petitioners

ALDEN D. REDFIELD
CHARLES M. HOGAN
DARBY & DARBY
MORRIS RELSON
Counsel for Petitioners

New York, N. Y.
March 2, 1956

APPENDIX

PATENT ACT OF 1952 (Public Law 593, 82d Congress, 2d Session, Chap. 950; 66 Stat. 792, approved July 19, 1952) **Sec. 4(e)** (66 Stat. 815):

> "(e) Nothing contained in Title 35, as enacted by section 1 hereof, shall operate to nullify any judicial finding prior to the effective date of this Act on the validity of any patent by a court of competent jurisdiction."

IN THE

Supreme Court of the United States

OCTOBER TERM, 1955

No. 638

AVCO MANUFACTURING CORPORATION
and THE HARRY ALTER COMPANY, INC.,
Petitioners,

against

HAZELTINE RESEARCH, INC.,
Respondent.

REPLY BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR CERTIORARI

There is one seriously misleading statement and one erroneous statement in Petitioners' Reply Brief which require answer.

At page 2, Petitioners state that the Record shows that Hazeltine licenses to 16 companies will have expired prior to the expiration of the patent in suit on January 7, 1958. The references to the Record cited by Petitioners (R. 1251, 1252, 1254, 825, 827-8)* show that such 16 licenses were granted during the period from about November 14, 1950 to October 17, 1951, the date of the filing of the Complaint in this Action. The Hazeltine license agreement is for a period of 5 years with an automatic renewal for an additional period of 3 years unless the licensee, at least 6 months before the expiration of the initial 5-year period,

* See also R. 821. The reference citations are silent as to the dates of the Admiral and Sylvania licenses referred to by Petitioners.

gives notice of its election to terminate the license (R. 60). Thus, unless the licensee gives affirmative notice of termination, the license runs for a period of 8 years.

In the case of the 16 licenses in question, if no such notice were given, the earliest of the licenses would expire on or after November 14, 1958, considerably after the expiration of the Toulon patent. There is no evidence of record that any licensee has given any such notice.* In fact, the time has already passed for any licensee holding a license dated earlier than September 1, 1951, near the end of the period in question, to give notice of its election to terminate; such notice would have had to be given prior to March 1, 1956. The record does not show whether the license of any major manufacturer was dated within the final six weeks of the 11-month period in question.

In brief, there is nothing in the record to show whether it is still open to any substantial manufacturer of television receivers to terminate its Hazeltine license which, if it does not do so, extends beyond the life of the patent in suit.

The erroneous statement appears at page 8 of Petitioners' Reply Brief:

> "* * * Loughren, as Chairman of the Joint Technical Advisory Committee for the F.C.C. (R. 284) had the opportunity to induce the industry to use (R. 333) (his later development)."

At the time he testified in 1953, Mr. Loughren was Chairman of the Joint Technical Advisory Committee, a body created as an adviser to the Federal Communications Commission on technical problems (R. 284); it has no influence upon the television manufacturing industry or on what type of apparatus it will produce. Thirteen years

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* Although not a matter of record because involving a time period succeeding the trial in this case, none of the 16 licensees has in fact given such notice of termination.

earlier, in 1940, Mr. Loughren was a member of Panel 8 of the National Television System Committee, a totally different body charged with recommending signal specifications for the transmission of black-and-white television programs. Those recommendations included the type of synchronizing signal to be transmitted (R. 332-333). That body likewise had no influence over the type of apparatus which the television industry manufactured. There is no relation between these two technical bodies (R. 284) with which Mr. Loughren was associated on separate occasions thirteen years apart.

It is submitted that the Petition should be denied.

Respectfully,

LAURENCE B. DODDS,
59-25 Little Neck Parkway,
Little Neck 62, New York

MILES D. PILLARS,
National Press Building,
Washington 4, D. C.
Attorneys for Respondent.

PHILIP F. LAFOLLETTE,
LEONARD A. WATSON,
M. HUDSON RATHBURN,
Mason, Kolehmainen, Rathburn & Wyss,
Of Counsel.